

**AN EXPLORATORY STUDY ON THE SOMALI IMMIGRANTS' INVOLVEMENT
IN THE INFORMAL ECONOMY OF NELSON MANDELA BAY**

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IMMIGRANTS' INVOLVEMENT IN THE INFORMAL
ECONOMY OF NELSON MANDELA BAY**

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Nomenclature

Informal Sector/Economy: The Oxford Dictionary of Sociology defines the informal economy as “that part of the economy which is not regulated by the state and does not count to neither Gross National Product nor Gross Domestic Product” (Marshall, 1994, 315).

Immigrant: someone who enters another country to live there permanently (Longman Exams Dictionary, 2006:765)

Somalis or Somali immigrants: these two terms mean the same. They indicate people from Somalia. A country in the horn of Africa

SA: South Africa

SA Nationals or SA Citizens: these two terms also mean the same. They both indicate South Africa's people

Motherwell: the biggest township in the Nelson Mandela Metropolitan area

Nelson Mandela Bay: Port Elizabeth and its surroundings

Sub-Saharan Africa: Africa that is below the great Sahara desert

SARS: South African Revenue Service

SAPS: South African Police Service

ILO: International Labour Organisation

FMSP: Forced Migration Studies Programme

SAMP: Southern African Migration Project

HSRC: Human Science Research Council

Abstract

The informal economy in South Africa and other parts of the continent is a safe haven for many who are unable to find jobs in the formal sector of the economy. In the case of South Africa, it is not only the nationals of the country who are striving to survive and generate their income from this sector. Since 1994, the country has experienced a huge influx of immigrants from other parts of the continent some escaping from dire living conditions in their home countries and looking for better life opportunities while many others were forced to migrate from their own countries as a result of political unrest and lack of stability and security. Among these later example is the Somali community who are the subject matter of this study. Many of these mainly African immigrants including Somalis got involved themselves in the informal sector of the South Africa. This has increased the competition in this sector and caused clashes between South Africans and immigrants who were also involved in the sector.

This study examines the involvement of the Somali immigrants in South Africa's informal sector. The study is exploratory in nature and tried to find the surrounding factors that impacted on the involvement of Somalis in the informal economy of Motherwell.

The study has found that Somalis who arrived in Motherwell are generally young unmarried men who were attracted to the area mainly because there were affordable business opportunities in the township. Somalis financed their businesses through various resources including their savings from working while working inside and outside South Africa and from the contributions by their families and friends.

Despite facing high levels of crime where many Somalis were killed and their property looted, they are still determined to stay in the township. This can be shown by their high level of savings and their intention to invest in the township.

Although this research does not aim to be comparative in nature, personal and business characteristics of Somalis as well as South Africans who are also involved in the sector

were compared. Because of this comparison, it has become clear that though price is an important factor in the business competition between the two groups, it is not the only factor, neither the most important, that creates friction and the shift of loyalty of customers from one side to another.

Quality of service, the number of the people working in the business, responsibility towards the area the business serves, the strictness or the leniency towards customers who want to buy but are short of money and many other factors created a friendly atmosphere between the businesses run by the Somalis and their customers. The study showed that some of the Somali as well South African business owners were of this view. Although the vast majority of the Somalis have a minimum level of education, they still contribute positively to the economy of the township and the greater Nelson Mandela Bay. This is done through renting business premises, paying both direct and indirect taxes and taking the business services to remote areas of Motherwell.

The study suggests that there is a need to sooth the relationship between the two groups particularly between Somalis and South Africans who are involved in grocery businesses through meetings, seminars, and other get-together activities. This can be done by South African Police Service, Somali Association of South Africa in Korsten, community elders from both sides and other concerned government institutions as well as the academic institutions particularly Nelson Mandela Metropolitan University. The business skills of both groups need to be uplifted in order to maximise their profitability and contribution to the people in the area.

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CHAPTER ONE: INTRODUCTION

1.1 Background to the study

The informal sector could be said to be that part of the economy which is covering the marginal livelihoods and survival activities which are outside the reach of the regulatory bodies of the state. This sector has in fact always been seen as a temporary safety net for the unemployed and marginalized groups of people. Its contribution to national economies has been growing significantly in many developing countries. It was creating employment for the majority of workers at the time when the potential of other sectors to create jobs was decreasing (Beeton, 2010).

South Africa as a developing nation is not an exception. Studies have repeatedly shown the importance of this sector to the country's economy. The share of the informal sector was estimated to be at R32 billion in 2002. This represented approximately 10% of retail trade sales in South Africa (Ligthelm, 2006). The City of Johannesburg has also estimated the number of informal traders in the greater Johannesburg alone to be around 85 000. According to the Traders Crisis Committee, there are nearly two million informal traders in the country who, through their informal economic activities support the lives of about 10 million people. Although individually, the income of informal traders is low, in general, its contribution to the Gross Domestic Product is currently 8-12% and still continues to grow. Around 25-30% of the labour-force in the country are involved in the informal economy. Furthermore, it is one of the few areas of the economy where the number of workers continues to increase and the majority of workers in the sector are from historically disadvantaged communities (Beeton, 2010).

According to Crush & McDonald (2002), it is not only the South African unemployed citizens who generate their income from the informal sector. As it is not easy for many new unskilled immigrants such as Somalis to get employment in the formal sector of the South African economy, they tend to become involved in the informal sector. As a result, the Johannesburg inner city streets for example, are bursting with informal sector traders who are selling a variety of commodities such as fruit, vegetables, bags, clothes,

shoes, chewing gum, cooked foods, cigarettes and many more. This has triggered riots against these immigrants in some parts of the country notably in the Johannesburg inner city streets where a group of people led by the local hawkers' association protested on various occasions. These riots sometimes changed into violence accompanied by anti-immigrants rhetoric (Crush & McDonald, 2002).

Rimmer et al (1978) stated that an informal sector has distinctive characteristics which make it attractive to the poor part of the society which include:

- easy entry
- reliance on indigenous resources
- family ownership
- small scale of operation
- labour intensive and personalized technology
- skills gained outside the formal school systems
- and unregulated and competitive markets

1.2 The problem and its setting

After the political change in South Africa in the year 1994, the country experienced a great deal of net international migration particularly from other parts of Africa (Crush & McDonald, 2002.). Among these African immigrants was a Somali community whose home country had collapsed totally in the year 1991 (Kleist, 2004). According to United Nations High Commissioner for Refugees protection officer, these Somalis start settling in local communities living in the remote areas of the country particularly Eastern Cape, Western Cape and Gauteng who had had minimum interaction with foreign immigrants in the past (Rulashe, 2007). Port Elizabeth was one of the first places in which Somali immigrants settled and got involved in the township informal trading and Motherwell was also among the first townships in which Somalis started doing their businesses (Raabi, 2010).

According to Landau, L. Misago, J. Monson, T. and Polzer T. (2008), in the last few years, there were various incidences of violence which were xenophobic in nature where foreign nationals in Motherwell, particularly Somali immigrants, were targeted. According to Longman Exams Dictionary (2006:1782) xenophobia is a “strong fear or dislike of people from other countries” that results from international migration. Timberg (2006) suggests that this reaction may be as a result of the host communities thinking that they will be overtaken by the newcomers. He adds that this could trigger conflict and wars between the two groups and place the government in difficult situations.

Today, xenophobia is a big problem facing the African immigrants in South Africa and as a result, the country has experienced xenophobic-related social unrest, of which the 2008 xenophobic violence is perhaps the best known. Research conducted by the South African Human Rights Commission (SAHRC) even before the outbreak of the 2008 violence, found that the xenophobia in South Africa, especially towards African immigrants, was alarming. The research shows that it is not only hurting the immigrants but is also impacting on the country’s economy (www.sahrc.org.za, 2006). Somalis, as African immigrants living in South Africa, were not safe from xenophobic reactions.

In the Western Cape alone, 28 Somalis were killed before September in the year 2006 (www.queensu.ca, 2006). There are various explanations for the killings including business competitions where the chairman of National Federation of Chamber of Commerce (Nafcoc), Mbulelo Ntshangase believes that South African small business people in the townships are not as competitive as Somalis because they lack the necessary skills and the ability to get finance hence as a result are jealous of these Somalis (www.queensu.ca, 2006).

The first Somali-owned grocery shop in South Africa was opened in the year 1997 and the first in Motherwell started operating in 1999 (Interview with Abdulahi Dhere, 2010). But today, in Port Elizabeth townships there are hundreds of grocery shops owned by Somalis and in Motherwell alone, there are more than 150 Somalis (Interview with Lothana, 2010). There is no available research about this increase in shop growth within

these townships and the possible reasons behind this development hence the factors that necessitated this research.

Hence in short, the research tries to investigate factors surrounding the involvement of Somalis in the Motherwell Township and if their presence benefits the local people in the township

1.3 Objectives of the study

Much research has been done on migration, migration policies, the violent actions towards African immigrants in the country, and the policy implications for the international migration in the country. However, less attention has been given to the lives and livelihoods of the African immigrants: what they do, how they survive, how they contribute to the country positively, why they first go to the townships where the unemployment is already high and many similar issues.

This study focuses on the economic activities of Somalis. Its main aims and objectives are the following:

- To find out the pull factors that made Somali informal traders concentrate in Motherwell Township
- To give more insights into the economic activities of Somalis in the Motherwell township
- And to find out whether their presence in the township benefits local people in the township.

1.4 The importance of the study

This study is important and of benefit to the people of the greater Nelson Mandela Bay as it could be the first of its kind on the economic activities of the Somali immigrants

who are the largest group of all foreign nationals who run businesses in the area (Lothana, 2010). The importance of this study includes among others:

Firstly, it can be an important document that contributes positively to the presence of the Somali immigrants in the township. It can show their strengths as well as the weakness in their interaction within their neighborhood with specific reference to business relationships, financial obligations and social development projects.

Secondly, the study will give a broader and deeper understanding into the factors surrounding the involvement of the Somali immigrants in the informal economy of the Nelson Mandela Bay particularly in the Motherwell Township. These factors include the circumstances that forced them to move and trade in the township, the kind of economic activities in which they are involved, the financing of their businesses, and the profitability of their trading.

Furthermore, an insight into the economic activities of these immigrants has an advantage for the local people in the township. This issue is very important for the public policy makers in the area; who could be guided in alternative ways to accommodate Somali immigrants in Motherwell Township and the greater Port Elizabeth Metropolitan area if their presence is detrimental to the people of the township

1.5 Methodology

Although this research is qualitative in nature, qualitative and quantitative methods, and structured interviews as well as unstructured interviews were used in order to obtain the information needed from the participants. Greenstein (2006: 49) defines qualitative research method as a “broad approach in the social research that is based upon the need to understand human and social interaction from the perspectives of the insiders and participants in the interaction”. Observation method was also used in order to obtain information. One police station was visited in order to find the type of crime mainly reported by Somali traders in the area. The director of the Somali Association of South Africa’s Eastern Cape branch, which is a national organisation with an office in Korsten,

Port Elizabeth, was also interviewed in order to find out more about the nature and character of the Somali informal traders in the greater Nelson Mandela Bay. A detailed discussion on the methods used during the research will be given in chapter four.

1.6 The research site

The research site is Port Elizabeth's Motherwell Township as mentioned earlier, which is one of the biggest townships in South Africa and of course in the Nelson Mandela Bay (Landau & Polzer, 2007). It is also the place that has the highest concentration of Somali informal trading in the Port Elizabeth area (Raabi, 2010). As the director of the Somali Association of South Africa, Mr Abdirahman Raabi stated, in 2009, the Motherwell local community and the Somali informal traders agreed that the number of the Somali owned shops should remain fixed to a specific figure with no new Somali shops opening in the area. However, the community leaders were later lenient with this and many other shops have since opened. The involvement of these African immigrants in the township's informal economy created a competitive environment and hence animosity to some business people in the township (Rulashe, 2007).

1.7 Organization of the study

This study consists of six chapters.

Chapter 1: This is an introductory chapter which gives the background and purpose of the study. It gives an idea about the research, why it is needed and the objectives of the study.

Chapter 2: This is the literature review about the informal economy, its definitions, approaches that explain the phenomena in the world, in Africa and in South Africa in particular.

Chapter 3: This gives an explanation about international migration, theories that justify its occurrence, the level of international migration to South Africa after the democracy in

1994, particularly that of the African immigrants. Furthermore, the livelihood of the immigrants, their demographics, occupations and so on is discussed in this chapter.

Chapter 4: This is about the research methodology and elaborates on how the data was collected and analysed.

Chapter 5: This presents the findings and interpretations of the study.

Chapter 6: This summarises the findings and gives the necessary recommendations.

CHAPTER TWO: INFORMAL ECONOMY

2.1 Introduction

The informal economy is that part of the economy where governments have less control and is growing in many parts of the world. Since many third world countries gained their independence and particularly in Africa, a phenomenon arose in the urban centers of these countries that needed explanation, namely, the growth of the number of the unemployed.

An ever increasing migration of people from the rural areas to the urban centers and the high rates of population growth added to a tendency of the governments of the developing nations to attach importance to the formal economic activities. These, in turn, are unable to generate enough employment for the population numbers and the demand for jobs in the cities which has far overshadowed supply (Deware & Watson, 1981). Furthermore, the governments of these developing nations could not afford to pay unemployment benefits to their unemployed citizens, resulting in unemployed people turning to a variety of activities in order to survive (Deware & Watson, 1981). Hawking, peddling, prostitution, small-repairs, making of clothes and household goods, construction, and taxi-driving are just a few examples of the activities in the informal economic world (Deware & Watson, 1981).

In this chapter, the informal economy will be explored. First, the meaning of the term, informal economy/sector will be defined. Then, a historical overview of the phenomenon will be briefly explained. The different approaches that try to make sense of the informal economy will then follow, and the importance of the informal economy for the lives of African poor will be shown.

2.2 Informal economy definitions

The range of literature included in this discussion indicates the ambiguity and plurality of definitions of the concept informal economy. A wide range of the terminologies used by various authors of the topic include: non-observed, irregular, unofficial, second, hidden, shadow, parallel, informal, cash economy, black market, unmeasured, unrecorded, untaxed, non-structured, petty production and unorganized and many more words trying to describe the same activities. These activities include among others, unregulated labour intensive activities, self-employed entrepreneurs, micro and small enterprises, casual work and domestic labour (Sindzingre, 2006). Blaauw (2005) quotes two definitions used by Barker (2003) and Statistics South Africa (2003) respectively which state that the informal sector is defined as: "Unorganised, unregulated and mostly legal but unregistered economic activities that are individually or family owned and use simple, labour intensive technology" This matched with Statistics South Africa's (2003) definition of informal sector employment "...unregistered business, run from homes, street pavements or other informal arrangements".

The informal sector may sometimes be distinguished from the informal economy. Devey, R. Skinner, C. and Valodia, I. (2006) stated that using the term economy instead of sector implies a greater array of activities which are not encompassed by the term sector. As Preston-Whyte and Rogerson (1991) used these two terms interchangeably, they shall be used throughout this research.

The characteristics of the informal economy mentioned earlier in the first chapter includes among others: easy entry, unregulated by the state institutions that are designed to control such business activities and reliance on the indigenous resources (James, P. Drakakis-Smith, D. and Mcgee, T., 1978) has been challenged by some realities on the ground. This is because in many developing nations of the world, state institutions are weakened by various kinds of problems including from that of political legitimacy and institutional credibility (James, *et al.* 1978). Though formal contracts may be guaranteed with regard to regulations of the legal systems of a particular country, it still may be less credible than informal contracts guaranteed by other sources of

authority such as social relations and kinships norms and traditions (James, et al.1978). A supposed characteristic of the informal sector is the notion of not paying taxes and having very few records to show for its activities. James, et al. (1978) suggests that Informal business people register certain aspects of their businesses and pay certain types of taxes such as value-added tax (VAT)

Although generally speaking, it may be true, that the notion of the informal economy as being an easy way to go, in reality there are many complex obstacles which hinder the entrance into this sector. For example, lack of required skills to start informal business, inability to find capital or credit resources, inability to find informal networks, inability to develop business relations with similar minded partners, not having a highly structured personality, not having a social personality that easily allows for social mingling and working within the complex social parameters of the area (James, et al.1978). It is true that informal businesses can be less capital-intensive and have little access to credit. Furthermore, many of these entrepreneurs have a lower level of formal education as compared to their counterparts in the formal business firms. However, they can be more efficient and cost-effective (James, et al.1978).

In many cases, the boundary between the formal and informal economy could be unclear. A large survey of the informal sector in Niger (1987-88) found that 99% of the enterprises were informal, because the informal sector was defined as comprising all the enterprises that did not pay taxes on profit. Furthermore, there are various relationships between formal and informal markets. For example, formal firms hire workers via informal sub-contracting and informal enterprises utilise the products produced in the formal economy, and informal entrepreneurs apply for credit from banks or loans from the government institutions (Sindzingre, 2006). Table 2.1 illustrates some of the differences between the two sectors of the economy; formal and informal sectors.

Table 2.1: The characteristics of formal and informal sector (Adapted from James et al, 1978)

Characteristics	Formal economy	Informal economy
Technology	capital-intensive	labour-intensive
Organization	bureaucratic	Generally family-organised
Capital	abundant	scarce
Hours of work	regular	irregular
Regular wages	normal	not required
Inventories	large quantities and qualities	small quantities and qualities
prices	generally fixed	generally negotiable between the buyer and the seller
credit	banks and other institutions	personal/non-institutional
clientele	Impersonal and through documents	direct/ personal
Publicity	necessary	not necessary
re-use of goods	none/ wasted	frequent
government aid	important	none or almost none

2.3 Approaches to explain informal economy

There are three broad different approaches that try to explain informal economy. They are dualist school, legalist school and structuralist school. The broadening of the concept includes a whole range of informality which cover both enterprise and employment relations. This shift towards an expanded concept of the informal economy reflects a rethinking of some of the key assumptions that were held regarding the informal economy. This new broad definition tries to seek the incorporation of the real dynamics of the world labour markets that is developing and evolving rapidly (ILO, 2002).

2.3.1 The dualist school

When explaining this approach, Chen (2004) stated that the core idea of this approach towards informal economy is that it will disappear through the rise of the per capita income of the nation's society. This is so because the informal sector is seen here as occurring on the edge of the capitalist mode of production and hence erodes as the capitalism arrives. In line with the dualist tradition, informal sector (IS) was initially explained by the theorists following the old debates of the modern/traditional dichotomy in which the development of the nation as a whole was its subject matter. In line with Chen's (2004) point of view, Clifford Geertz who was working in Indonesia in 1963s, observed what he termed as bazaar economy and a firm economy. He explained some of the characteristics of each saying that bazaar economy was made up of large number of small businesses which are highly competitive among themselves, which rely on intensive use of labour, mainly drawn from the family members, and seek to minimise their risks instead of seeking profit maximisation.

The firm economy on the other hand, Geertz said, was based on rationalising production and capital accumulation for further investment and growth. Over time, the development of the firm economy would slowly displace the bazaar economy because it produces cheaper products and supplies more convenient service. The findings of Amin (2002) are supportive of Geertz's assumptions that firm economy will at last erode the

bazaar economy. Amin (2002) shows how the percentage of informal labour falls from around 60-70% of the labour force in low- income South Asian countries, to 30-50% in the middle income South East Asian nations, to less than 25% in countries of Taiwan, Japan and Singapore who are high income societies. Furthermore, in Sub-Saharan Africa, excluding South Africa, 78% of non-agricultural employment is found in the informal firms. In South Africa, this sector is very small constituting only about 21% of total employment, including domestic workers (Altman, 2007).

However, it became clear that this displacement of the bazaar economy by the firm economy was not happening on the ground. In fact, the bazaar economy continued to grow and flourish. The realisation of this fact has created a shift in the conceptualisation of the informal economy and a change of attitude initiated first by the ILO (Dewar & Watson, 1981).

2.3.2 The legalist school

This approach seems to be focusing more on what is happening in the developed nations rather than speaking for the informal sector everywhere on the world including Africa. It argues (Chen, 2004) that the informal sector constitutes mainly of the entrepreneurs who want to avoid the costs and obstacles associated with formalisation of their businesses or labour. Pratap & Quintin (2006) found that the tax burden, weak rule of law, the corruption in the government agencies designed to regulate the economic environment, and heavy bureaucracy associated with registration, and the quality of the legal system are central explanations for the large variations in the size of the informal sector in countries with similar levels of economic development.

Various writers including Schneider (1994) and Johnson, S. Kaufmann, D. and Pablo , L., (1998) indicated that there is a relationship between the increase of the rate of the various forms of taxation and the size of the informal economy, according to these researchers, the higher the tax rate, the larger the size of the informal economy. This is because people will try to avoid the costs of the taxation by going to areas of the economy that is not taxed namely, the informal economy. Some studies even measured

the level at which the informal economy increases if the tax rate is increased. Cebula (1997) for example, noted that, in the US, when the marginal federal personal income taxes rate increased by a point of 1%, the informal economy increased by 1.4%. Although there are some countries who do not fit this formula, like Spain, Britain and Austria, who have a high taxation rate and other social security burdens but a low level of informal economy, many other countries especially the developed nations show that there is a correlation between the rate of the tax and social security burdens on one hand and the level of the informal economy on the other hand. In the year, 1996, Greece, Italy, Belgium, and Sweden had the largest informal economy sector in Europe and also the highest tax and social security burden (Cebula, 1997).

Intensity of Regulations is also said to be part of the reasons behind the expansion of the informal economy in many parts of the world (Johnson et al., 1998). The increase in the amount of regulations which are usually shown by the number of laws and regulations such as licenses requirements is another important aspect, which increases the possibilities of the people involved in the informal economy. One can consider the labour market regulations, trade barrier, and labour restrictions (Johnson et al., 1998).

Regulations cause a considerable increase in labour costs in the formal economy. As most of these costs could be transferred onto the employees, these costs could be a reason or act as an incentive to go and be involved in the informal economy where the abovementioned obstacles can be avoided. Empirical evidence supports this idea where countries that tend to have more general regulation of their economies tend to have a higher percentage of the informal economy in their GDP. One point increase in the regulation index which is one to five, where one is the lowest regulation and five is the highest regulations, is said to cause 8.1% increase of the informal economy in the country's GDP (Johnson et al., 1998).

2.3.3 The structuralism school

This approach treats the informal sector as part and parcel of the capitalist market though in subordinate way. It considers the interactions between formal and informal economies, in buyer-seller relationships, or other forms of employment relationships. The informal sector contributes to the formal sector's risk easing and cost reduction methods. Hence, the informal economy is not seen as a feature of a traditional/modern dichotomy (as in the dualist approach), but a central feature of modern capitalist development (Altman, 2007).

Furthermore, Altman (2007) was right when he argued that the following reasons could be important pulling factors into the informal economy especially in the developing world:

- Rapid urban migration caused by push/pull factors such as the decrease in the rural livelihood as a result of lack of life opportunities because they are concentrated in the cities.
- Economic growth and development that leads to rising capital intensity and technological development that reduces the growth of formal employment opportunities.
- Public sector retrenchment as a result of restructuring (see table 2.2).
- An unsuccessful economic and trade liberalisation which reduces the creation of formal employment opportunities.

Table 2.2: Public sector retrenchment in some African countries (Adapted from Rogerson, 1997)

Country	Period	Numbers retrenched	% of the public sector employees
Nigeria	1984-1988	156,550	20%
Kenya	1992-1997	149,000	30%
Zimbabwe	1990-1994-5	123,000	25%
Ethiopia	1992-1993	80,000	15%
Tanzania	1992-1994	80,000	30%
Uganda	1991-1994	80,000	26%
Ghana	1987-1991	49,873	15%
Cameron	1985-1991	47,639	20%
Guinea	1986-1991	40,000	20%
Cote d'Ivoire	1983-1985	15,000	15%
Togo	1985-1986	5000	10%

2.4 The Importance of informal economy to Africa and South Africa

Rogerson (1997) mentioned that most of the bigger towns in the sub-Saharan Africa, excluding South Africa, have a high occurrence of small scale enterprises which are informal in nature including hawking around the streets, informal construction, public transport and so forth. However, this must not be understood to be that most of the people are self employed because being involved in informal economy does not necessarily mean self-employment. A research in Abidjan disclosed that at least two thirds of the people who are involved in the informal economy are wage labourers

although individual informal businesses employ a limited number of workers (Rogerson, 1997).

Despite the importance of the informal economy in the livelihoods of the people of Africa, the normal informal entrepreneur has little interaction with the government institutions as credit is not received, land cannot be accessed, and government assistance to access markets locally or abroad to sell their products, is not available (King, 1996).

A study undertaken by the African Union and sponsored by the governments of Sweden and Norway has identified four main policy areas for analysis of African informal sector, namely, labour policies and laws, social security policies and practices, financial policies and practices, and lastly education and training policies. The study found that the macroeconomic framework, the legal and regulatory environment as well as specific policies that exist in the continent were formulated against the majority of the working population that is involved in the informal sector. The majority of the workers in the informal sector remain poor, unprotected by labour laws, uncovered by social security schemes, under resourced by financial programs, and their educational needs are not provided for by the formal education systems of the continent (African Union, 2008).

The informal sector has always been a place of disagreement. Some writers have very negative attitudes towards it and went too far by describing it mostly as involving illegal activities including this illegality notion even when defining the concept as De Soto (1989) did. James et al (1978) claims that the reason for this could be that many economists believe that if the third world countries want to develop economically, then the best model is to repeat the historical experience of the developed world. Furthermore, according to these economists, this can be achieved through the promotion of the modern sector or the formal economy at the expense of the informal sector. Hence, the growth of the formal economy is seen as helping the poor countries to upgrade the livelihoods of their citizens while the informal sector is considered as a blockage to the development and economic growth (James et al, 1978).

In direct opposition to many previously held ideas about the informal sector being stagnant, illegal, inefficient and undesirable, the International Labour Organisation's (ILO) Kenyan mission (a mission that was organised by ILO in 1971 to do research on employment strategy) (King, 1996) has emphasised that this sector employs nearly 33% of the working force in Nairobi and in no way can it be described as being unproductive or even declining. King (1996) added that this sector of Kenya's economy was highly competitive, labour-intensive, made use of the locally produced products and introduced its own way of production in terms of both technology and skills. Hence it did not only help reduce the unemployment in Kenya, but also helped the poor segments of the society to satisfy their basic human needs without importing either capital or skills from the outside world. As a result of this, the ILO advocated more government assistance to these entrepreneurs (Dewar & Watson, 1981).

As King (1996) noted, in Kenya, the informal economy or Jua Kali as it is known, has provided the vast majority of the people with their work, health, housing and training. In the year 1993, this sector accounted for around 50% of the country's employment and hence has acted as the main source of income for a vast population of a country which has been witnessing a decrease in the employment in the formal sector of the economy (King, 1996).

Sandefur and Gutierrez-Romero (2010) suggest that the reason for the informal sector being marginalized could be because informal entrepreneurs do not pay tax and rarely comply with the regulations of the government institutions. But the blame of not paying tax or not registering cannot, in many cases, be placed on the shoulders of informal entrepreneurs because the bureaucratic nature and inefficiencies of the public institutions make the process of business registration a time consuming one. Furthermore, in the African continent, small firms pay higher tax than the larger ones. Hence in most cases, small firms are unable to grow resulting in many of them dying in their infant periods (Sandefur & Gutierrez-Romero, 2010).

Whether the informal businesses pay tax or not, the African governments need to give greater attention to the related issues as a large number of their citizens, (refer to table 2.3), generate their livelihoods from the informal economy.

Table 2.3: Employment in the African Informal economy (Xaba, J. Horn P. and Motala, S., 2002)

Informal economy as share of percent	% of employment
Non-Agricultural Employment	78
Urban Employment	61
New Jobs	93

Tables 2.3 and 2.4 indicate how important the informal economy is to the Sub Saharan African (SSA) employment and Gross National Product, which is known to be an impoverished region with almost half of its population living in poverty. It is estimated that 46.3% of SSA's population lives on less than \$1 a day (Xaba et al, 2002).

Table 2.4: The size of the informal economy in some African countries (adopted from Saunders, 2005)

Country name	Informal economy in % of GNP 1999/2000
Benin	45,2
Botswana	33,4
Egypt	35,1
Ethiopia	40,3
Ghana	38,4
Madagascar	39,6
Malawi	40,3
Mali	41
Morocco	36,4
Mozambique	40,3
Nigeria	57,9
Senegal	43,2
Tanzania	58,3
Zambia	48,9
Zimbabwe	59,4
<u>AVERAGE</u>	<u>42</u>

According to Saunders (2005) and various other writers in South Africa, the informal economy as a percentage of the GDP was around 9%- 12.6% in the year 1989 (refer to table 2.5). The revised national income accounts, for 1999, shows that the informal economy was 7% of the GDP. But the informal economy as a percentage of the GDP was declining between 1996 and 1993

Table 2.5: The size of the informal economy as percentage of GDP for various regions of the world including South Africa (Saunders, 2005)

Country type	% of GDP
Developing	35-44%
Transitional	21-30%
Developed	14-16%
South Africa	9.5%

In direct contrast to the government of the National party's negative policies towards black entrepreneurs, the African National Congress's (ANC) white paper on the National Strategy for the Development and Promotion of the Small Businesses, encouraged the activities of the informal economic operators hence causing a surge in the level of the informal economy in the country (Saunders, 2005). The government's 1995 White Paper on small, medium and micro-enterprise sectors, known as SMME, was the first policy shift in the government's attitude towards the informal economy as mentioned earlier. It shifted from the apartheid's suppressive attitude towards the informal economy to a more encouraging policy in this regard (Saunders, 2005).

This document has differentiated four types of SMMEs which are: medium enterprises, small enterprises which employ between 5 and 50, micro-enterprises which involve only the owner, family members and one or two workers and finally the survivalist enterprises which are those who cannot find employment in any other place. This last category is the place where the women dominate and hence the category to which the government's White Paper gave the highest priority. (Devey et al., 2006).

It is not only South African women who are involved at the lower ranks of the informal sector. A research in Ecuador found that the job women do in the informal economy is almost the same as the one they do in their homes. This means that women need minimum training for the jobs they do in the informal economy which will in turn mean lower paying jobs (Preston-Whyte & Rogerson, 1991). This is so because, In South

Africa, women were involved historically in various jobs such as commercial sex work, laundry occupations, petty trading, domestic work and similar lower paying jobs. Studies show that women in general earn less than men who are also involved in the informal economy (Preston-Whyte & Rogerson, 1991).

The informal economy is also very important to the lives of the Somalis in their home country, Somalia. According to the Economist Intelligence Unit, Somalia's retail trade is largely dependent on the informal sector (Economic Intelligence Unit, 2008). The economic success achieved in Somalia despite not having any properly functioning government, through informal economy is surprising. Throughout Somalia, trade networks and connections have been established to carry out the transport and distribution of imported goods from the larger towns and centers to the villages and other remote and parts of the country (Bakonyi & Abdullahi, 2006). Many of the traders, middlemen and business people involved in these networks, as a result of lack of properly working judicial system, depend heavily on verbal agreements and unwritten but socially established and enforced norms and traditions (Bakonyi & Abdullahi, 2006).

It is not only in Somalia or South Africa where Somalis distinguish themselves in small businesses. Eastleigh, a suburb in Nairobi, has now turned into the second largest market in eastern and central Africa. It became known as little Mogadishu. Somali business people transport goods and services through regions such as Congo, Southern Sudan, the Horn, and Southern Africa. Only Iran exports more than Somalis do from Dubai (Goldsmith, 2010). This accounted for Goldsmith (2010: www.theeastafrican.co.ke) calling Somalis "the thickest-skinned entrepreneurs worldwide".

2.5 Age, income and gender structure of the people involved in the informal economy

Devey, et al. (2006) stated that poor people are more likely to end up working in the informal economy and a large number of South Africans continuously find their employment in the informal economy hence the share of the informal economy in the employment is constantly increasing. He adds that the South African informal economy

is mainly dominated by the retail and wholesale trade. The working poor refer to anyone who is working in the formal or informal sector, earning less than R2, 500 per month which is equivalent around \$368. The surprise is that 65% of all working people earn less than that amount. In an indication of the racial element in the South African informal economy, of those who earn less than R2, 500 per month, 83% are African and 12% are Coloured (Devey, et al. 2006).

A research conducted on the livelihood of the day labourers in Pretoria revealed that they were almost exclusively male. The gender distribution of the respondents is 97.5% male and 2.5% female (Blaauw, 2005).

Different researchers show varying levels of gender participation in the informal economy. In some studies, women dominate the bulk of the informal entrepreneurs while in some others it is the men who dominate even in the areas of informal economy where traditionally women used to occupy (Norval, 1992). In a study on the Windhoek informal sector (the capital city of Namibia which shares many characteristics with the South African cities because of its historical ties), it was found that 55% were male while the remaining were women (Norval, 1992). Furthermore, Norval (1992) suggests that this could be as a result of men leaving their women and children in the rural areas and hence seeking jobs in the bigger towns.

With regard to age, the bulk of the informal business people in the Windhoek settlement are young people. 39% of the people interviewed were between 15 and 30 and another 36% were between the ages of 31 and 65. This implies that the majority of the people involved in the informal sector are from the economically active segment of the society (Norval, 1992).

Out of the two hundred and forty two respondents of the Pretoria day labourers that were mentioned earlier, 88% were born in South Africa while 7% was born in Zimbabwe and 2.9% in Mozambique with 2.1% having no indication of the country of origin. Of the day labourers who responded the survey, 61.2% are younger than 30 years old of which 56.2% pointed out that they have never married while 33% said they were married, 6.2% said they live with a partner and 3.7% are either separated or divorced. More than

half or 57.6% of the respondents obtained less than R700 as an income in the month preceding the survey (Blaauw, 2005).

2.6. Pricing: the contested area of the informal economy in the Township

Preston-Whyte & Rogerson (1991) stated that although the lack of regulations in the informal sector is beneficial in regard to getting things done and giving people a way of earning their living, it has a negative aspect which can create conflict and rivalry which can lead to death and violence for those who are involved in the industry. The Taxi industry is the example Preston-Whyte & Rogerson (1991) used to explain the situation of how high competitiveness in the industry leads to exploitation and protectionism behaviour. However, it is not only the taxi industry that has a lack of institutional control by the concerned state bodies which renders it vulnerable to various kinds of envy and hence may develop into violent reactions.

In the South African informal sector, which is not a safe haven for only the South Africans but also many immigrants- Somalis included- pricing is a dividing factor between the locals and immigrants. Many local South African business owners in the townships complain about the prices charged by the foreign immigrants who own informal businesses in the townships (Rulashe, 2006). As one of the Diepsloot (a township near Johannesburg) Business Management Forum (DBMF) member stated, his customers deserted him because they preferred to buy from a Somali shop nearby that sells goods cheaper than him. In a meeting organised as reconciliation between the South African and Somali business owners, Mohamed Ali, who was representing the Somali businesses in Diepsloot, told the gathering that he and other Somali informal traders were willing to negotiate about the pricing of goods with the local business people. He also said that Somali immigrants were ready to share their skills with local businesspeople (Rulashe, 2006). Mail and Guardian (2009) reported the same from Western Cape where a businesswoman in Gugulethu stated that "Somalians want to be the cheapest business people in town. If they see that I am also pricing my goods like

them, they are going to find ways to undercut me". City Press (2010) reported the same from Cape Town in January 2010.

Firms and individual persons involved in grocery and food retail have their own ways of pricing their commodities. The reason for increasing and decreasing of the prices is determined by a variety of motives. Research done on five retail firms in the US about their pricing policies revealed that businesses place competitiveness high in their agenda when pricing their products (Nystrom, 1970). In a question asked in this particular study about the general pricing principles, some of these firms stated that as a result of the competition, they constantly monitor the prices of the highly sensitive and competitive items without taking into consideration the cost price of that specific item. Furthermore, some retailers constantly checked the prices of their competitors in order to know what prices products were sold so as to adjust their prices (Nystrom, 1970).

The basic micro-economic rule in the price is that, in general and in most of the products, buying a product is influenced by its price. Smith, Smith, L. Villiers, P. Muradzikwa S. (2005) stated that this formula is known in economics as price elasticity of demand. Some products have very high price elasticity which means customers are sensitivity to these price changes. Smith, et al. (2005) stated that if prices go down, customers will buy more; on the other hand, if the price of that item goes up, customers will buy less or will abandon it, substituting it with other products that can satisfy the same need. If there are other cheaper places then, customers will go for it. This is exactly what the South African informal businessman in Diepsloot who was quoted in the above was complaining about; his customers deserted him because a Somali trader near him sold the same products at a cheaper price. Therefore, businesses should be very aware of the prices of their commodities.

For fast moving consumer goods, profits to be charged for the item can be as low as 8% of the original costs. But in some items or specific segments of the market, charges can be 200% of the original costs of the item. The informal economy is a highly competitive market. People who are involved there need to be vigilant more than anywhere else. They should try to have information on the market prices in general and also focus on

the individual products. A business which has decided to be a price follower needs the following: a market to direct it for price formation, a good ability of information gathering and analyzing, and the ability to make decision based on the information available (Cant & Machado, 2003).

Price is not the only determining factor that attracts customers to a particular business. Other factors also determine the behaviour of customers towards a particular business. These include: listening actively to the customers, focusing on the needs of the customers, and giving particular attention to each customer's complaint. Major (1992) developed a process he termed as the LIST process for these purposes. L indicates listening to the customer attentively. I indicate understanding while S indicates soliciting needed information and finally T indicates telling the customer what to expect. When business people act proactively towards customers, customers will reciprocate by:

- -respecting the business and the business person
- -supporting the business by buying something from it
- -developing confidence in the business which is good for the public relations of the business

2.5. Conclusion

The informal economy is a term that has generated a heated debate since it was discovered in the early 1970s. The presence of this phenomenon in many parts of the world attracted the attention of many economists as well as social scientists who were trying to make sense of economic activities that were occurring in the poor quarters of mainly urban centers and in some instances in rural areas of the developing countries. The argument exists that the characteristics of the informal economy, include among others: easy entry, the freedom of getting involved in it or being unregulated by the states, reliance on the local production techniques and similar characteristics. These characteristics make this sector easy for many to get involved in and hence encourage continuous expansion. However, in many cases, getting involved in the informal economy is not as easy as it is thought. It needs a social network and the ability to

penetrate the existing relations of the formal or informal social capital that has been developing for many years.

Although in general, poor people are attracted to the informal economy in order to escape the widespread unemployment which is evident in many parts of the world, various approaches trying to explain informal economy disagree with the reasons for its existence and the fate of the informal economy. The dualist approach claims that it will disappear as the capitalist system of production expands and grows (Chen, 2004). However the legalist approach refutes this stating that the main reason for the expansion of the informal economy is because people who are involved in it try to escape the rules and regulations of the state such as taxes and other government deductions (Chen, 2004). However and whatever the primary intention is, there is no disagreement between the researchers today that the informal economy is the backbone of the lives of many poor societies around the world. In general, the poorer the country, the greater the role the sector plays. In fact, in some countries it absorbs the majority of the labour force.

Sub-Saharan Africa is one of the areas of the world regions in which the informal economy helps people to make ends meet. In South Africa, the availability of a strong, well advanced and highly developed formal sector as well as the attitudes of the apartheid government towards the small businesses owned by blacks, has suppressed the expansion of the informal sector. Hence, the contribution of the informal sector to the Gross Domestic Product of the country is small compared to other countries of sub Saharan Africa. However, since the rule of democracy was installed in the country in 1994, the informal economy has gained a momentum and started absorbing a greater percentage of unemployed people.

CHAPTER THREE

INTERNATIONAL MIGRANTS IN SOUTH AFRICA

3.1 Introduction

South Africa, since 1994, has become open to the international community. This openness was multi-dimensional including both social and economic aspects. This has caused an influx of immigrants to this region from many parts of the world. Because of the geographical location of the country, African immigrants were the largest group of these international immigrants, coming particularly from countries of Southern Africa. These immigrants when arrived in the country could not easily find employment in the formal sector of the country's economy which was not growing enough to create employment for both local and the newly arrived immigrants. Hence many of these foreign nationals got involved in the informal sector particularly self employment sections of the informal economy. In this chapter, international migration, theories that try to explain this phenomenon, and the characteristics and the livelihoods of African immigrants in the country, will be explained. International migration and its theories need to be explained as a necessity to understanding the reasons for the immigrants, the African immigrants in particular, coming to the country.

The question is: who is a migrant? United Nations defines a migrant as someone living outside their own country for a year or more (Koser, 2007).

There are various types of migrants including voluntary or forced migrants, legal or illegal migrants. Forced migrants are those who were forced to leave their own countries by conflicts or environmental problems such as drought and famine. These people are called refugees. United Nations High Commissioner for Refugees estimates that there are nine million refugees around the world (Koser, 2007). The majority of the Somali immigrants who are the focus of this study are considered as refugees in South Africa.

3.2 Definition of the International Migration

According to Marshal (2004:15) “International migration is the permanent movement of individuals or groups across symbolic or political boundaries into new residential areas and communities”. Although this form of migration is the subject matter of this chapter, it is worthy mentioning that there are other forms of migration such as internal migration which is the opposite of the international migration where individuals or groups move within one nation state for whatever reason. There is also rural-urban migration where people migrate from the less developed rural areas into the more developed and advanced urban centres.

3.3 Causes of the international migration

There are different theories that put forward to explain why migration as a whole and international migration particularly takes place. These different theories though explaining the same phenomenon employ and use different assumptions, concepts and refer to different frames of references. For example, the Neoclassical Economic Theory explains international migration through the lens of the individual decisions taken as a result of differentials in wages and employment opportunities that exist between countries (Massey; S., Joaquin O., Graeme H., Ali K., Adela P., Edward T., 1993). The New Economics of Migration on the other hand, sees migration as a household decision to have a variety of income resources. Dual Labour Market and world systems theories focus on the macro levels instead of the micro levels. These two theories explain international migration using the aggregate levels such as the structural requirements of the modern economics, economic globalisation and meltdown of the national boundaries in front of the multinational corporations (Massey et al., 1993).

Everett Lee’s Push and Pull factors and the Social Network Theories are two important theories that try to explain the international migration (www.revision-notes.co.uk, 2001). The first theory says that there are push and pull factors that exist in the origin and the destination places. Origin is the place where the immigrants left and destination is their newly settled place. Push factors are factors that make these immigrants leave their

place. These can be economical factors, such as unemployment, low income, lack of social services such as health services, education, entertainment, and other social and economic infrastructures, or the factors can be political factors such as civil wars in origin country, lack of political freedom, and fear of persecution on ethnic, religious, or racial basis (www.revision-notes.co.uk, 2001).

Push factors can be environmentally induced problems such as earthquakes, severe droughts, floods, tsunamis, and so on. On the other hand, pull factors are those factors that exist in the destination which attracts the immigrants to the destination. Pull factors are mainly the opposite of the push factors, where there are economic opportunities such as employment, better income, or a level of political freedom that does not exist in the origin, the destination is environmentally safer than the origin or it is more attractive to tourists and similar factors that make the immigrants more attracted to their newly settled place - the destination (www.revision-notes.co.uk, 2001).

Social Network Theory on the other hand, states that social networks in migration are the set of relationships in the forms of kinships, friendships, marriage bonds, and the shared tribal basis that link immigrants, the former immigrants who have now become citizens in the destination, people who live in the origin who are willing to migrate and even those who still live the origin and have no immediate willingness to migrate.

Cousins, brothers, and tribal or community peers at the destination accelerate the possibility of migrating and joining those who already live in the destination. This is so because the availability of these groups allows the person to get valuable information about the destination and comparing the gains and the losses between living in the origin and heading towards the destination. Furthermore, these groups help the new immigrants by lowering the costs of immigrating and relocating. The new immigrants also easily get what the first generation of immigrants did not get so smoothly, such as; transport, food and lodging (Massey et al, 1987).

3.4 International Migration in the twenty first century

Information compiled by the United Nations Population Division revealed that nearly three percent of the world population which is about two hundred million people are immigrants, meaning they live and work in foreign countries. International migration has increased and the numbers are today more than what they were twenty years ago. International migration has an economic implication both in their home as well as for their host countries. Some studies state that international migrants remit more than 240 billion US dollars back to their origin homes (Braziel, 2008). This is more than the international developmental aid given to many of the developing nations by the advanced societies. In general, diaspora remittances do constitute an important portion of many developing nations' GDP. Apart from sending remittance to the home countries, international immigrants spend more than two trillion dollars in the country in which they live (Braziel, 2008).

Spencer (2003) mentioned that migration is an unavoidable reality of humanity's life since history can recall and it can have beneficial implications. However, it has another negative side where governments and societies need to try to limit it while still sustaining the flow of the positive contribution of the migration to the wellbeing of the economy and the society. Denying international migration and focusing on how to control it is not the best option that a country like South Africa needs to practice. Instead managing it properly for the greater benefits of the country is a wiser option (cormsa.org.za, 2008).

International migration has an effect on the society demographically, socially and economically. In terms of economy which is the main focus of this study, both, the sending as well as the receiving communities can gain enormous economic advantages from international migration. The receiving country can get the advantage if the new immigrants arriving in the country are skilled people such as doctors, engineers, accountants, experienced administrators, as well as teachers, entrepreneurs and business people. This is what is called Brain Gain (McDonald & Crush, 2000). In this era of globalisation, these skilled groups of people are highly sought after and hence the

required documents that will allow these people to settle in a particular country are more readily made available. South Africa is one of the countries that try to attract more African skilled people but many educated Africans are skeptical as a result of the level of the Xenophobia in the country (McDonald & Crush, 2000).

Migration selects the young, innovative and energetic which in turn drains the country's resources both natural and human. The migration of skilled labour force from many African countries to other parts of the world makes the industrial output of the country decrease while the departure of the unskilled workforce from the rural areas reduces the available labour for agricultural production (Weiner, 1995).

3.5 International Migration to South Africa

South Africa has been a destination for regional migration for many decades. It was also a receiving hub for a large number of white Europeans before 1994. South Africa after the democracy in 1994 was faced with global, continental as well as regional migration. However large the migration to South Africa may be, the real figures are much lower than the popular view about the number of foreign immigrants in the country. South Africa's 2001 census recorded that the people who were born outside South Africa or non-nationals as being 1,025,072, or 2.3% of the total population. 22% of these figures were Europeans. 67% were from neighbouring Southern African countries. Furthermore, 4% were said to be from other parts of Africa while a further four per cent were Asians. The figures from Africa other than SADC are not particularly inline with the public perception that the country is flooded with poor Africans from other parts of the continent (Crush & Williams, 2005).

As table 3.1 shows, Somali immigrants who are the subject matter of this study were the fourth largest group of immigrants applying for asylum status in the country. This is how the situation was before April, 2001. Democratic Republic of Congo, Angola and India came ahead of them. Somalis constituted 9.3% of all the new asylum applicants at that time.

Table 3.1: Refugee applications by country of origin, to April 2001 (Source: UNHCR/Department of Home Affairs, (Adapted from crush & Williams, 2005))

Country	Number of Applications	% of the Total
Zaire/DRC	7 677	11.9
Angola	6859	10.7
India	6385	9.9
Somalia	5952	9.3
Pakistan	5336	8.3
Nigeria	5302	8.2
Senegal	4507	7.0
Ethiopia	3239	5.0
Burundi	2031	3.2
Congo-Brazzaville	1618	2.5
Tanzania	1 473	2.3
Bulgaria	1 441	2.2
Ghana	1 400	2.2
Bangladesh	1 310	2.0
Rwanda	1 203	1.9
Others	8 608	13.4
Total	64 341	100.0

However, this does not mean that the movement of the people across the country's borders has decreased. Some statistics show that the total visits of Africans to South Africa has increased between the years 1990 and 2000 from 550,000 to four million and that the SADC rose from 500 000 to 3.7 million people (crush & Williams, 2005). These figures indicate the numbers of times the country's borders were crossed into South

Africa and do not necessarily mean the number of individuals crossed. This huge influx into the country is not necessarily because these people are coming here to find jobs.

A research conducted by the Southern African Migration Project (SAMP) in the late nineties showed that the reasons for SADC people coming to South Africa are very diverse and differs from country to country. For the purposes of job seeking, 67% of Mozambicans, 29% of Zimbabweans, 25% of Lesotho, said they were coming for work, 29% and only 10% of Botswana said they were coming to work. For Zimbabwean and Botswana nationals, it was mainly shopping and business reasons which was 49% and 32% respectively. Women constituted 37% of all the people who originated from the SADC regions that were said to be 687000 in the 2001 national census. The percentage of females was nearly the same with that of SADC citizens among the immigrants who originated from the rest of the African continent (crush & Williams, 2005).

Table 3.2: Refugee applications (approved) by country of origin, to April 2001 (Source: UNHCR/Department of Home Affairs (crush & Williams, 2005)

Country	Number of application per country	% of the total	% of application approved
Zaire/DRC	4886	28.4	63.6
Angola	4471	26.00	65.2
Somalia	5330	31.00	89.5
Burundi	941	5.8	46.3
Congo-Brazzaville	661	3.8	40.9
Rwanda	604	3.5	50.2
Others	305	1.5	
Total	17198	100	

As table 3.2 shows, Somali immigrants were not the largest group to apply for refugee status in the country by 2001. But they received the highest rate of approval where a large number of them were recognised as refugees by the refugee determination offices

of the country; more than 89% of their applications have been approved. This is not to be understood as having occurred in one year. Instead, it was accumulative during the years prior 2001. The nearest group was Angolans where the rate of approval was around 65%.

According to Wits University's Forced Migration Programme, the total foreign people (including documented and undocumented) based on the FMSP's estimations and analysis of last census data, is possibly around 1.6 and 2 million. In another words it is 3-4% of the country's total population. It is obvious that South Africa is not the country with the highest number of immigrants either in Africa or abroad (migration.org.za, 2010). Zimbabweans now are the largest foreign international group in South Africa. It is estimated that there are between one million and 1 500 000 thousand Zimbabweans in South Africa.

Migration is not often as important as people usually think when compared to other factors that affect population increase or decrease such as births and deaths. A simple example is the situation in Gauteng. Between the years 2001 and 2007, population growth due to the migration was only 26% while the rest 74% was due to the births known as the natural growth. Furthermore, only 3% of the total population growth caused by migration was as a result of the international migration (migration.org.za, 2010).

Table 3.3: Asylum seekers statistics in the year 2007(Adopted from CoRMSA, 2008)

Cases	Number of cases (people)
New asylum applications in the year 2007	45,673
Number of new asylum applications decided in 2007	5,879
Percentage of applicants given refugee status	29%
New backlog in asylum cases in 2007	39,758
Pre-2007 backlog in asylum cases	9,275
Total asylum case backlog	+89000

The number of new applicants in the year 2009 was dramatically different from what they were in the year 2007. The number of new applicants who were recognised as asylum seekers in the year 2009 was 223,324. Only small portion (4,567) of these people were officially recognised as refugees and the rest (46,055) were rejected and 172,702 were added to the backlog of unprocessed (migration.org.za, 2010).

3.6 The lives of immigrants in South Africa

There is no comprehensive research on the economic activities of the immigrants living in South Africa. The majority of the research on the immigrants and immigration in South Africa moves around migration policies. Very few researches on the lives, economic activities and entrepreneurship of the immigrants particularly African immigrants are available. Since the xenophobic incident in the country in the year 2008, a lot of research has been done on the immigrants. Southern African Migration Project, South African Human Science Research Council (HSRC), Wits University Forced Migration Programme and other institutions have undertaken various research studies on the immigrants in this country. However, the bulk of these studies were mainly focusing on the attitudes of the local people towards these immigrants and the xenophobia phenomenon, what triggered it, the official response, policy implications and so on.

There was a research conducted in the year 1998 which was first published in 1999 by the researchers, McDonald, Mashike and Golden at the Southern African Migration Project (SAMP). This research was done on 501 immigrants, all of whom came from other parts of the continent particularly from the SADC region, and were at the time of the research living in three provinces, Gauteng, Western Cape and KwaZulu-Natal (McDonald et al, 1999). Another study was carried out on the lives and experience of the immigrants living in the small mining town of Witbank (Centre for Development and Enterprise, 2006). This study was undertaken by the Centre for Development and Enterprise in the year 2006. The findings of these two studies will be given below starting with this later one.

3.6.1 Witbank immigrants

The Centre for Development and Enterprise (2006) had surveyed 200 Witbank residents who were involved in this mining and service center that lies 150 KM to the eastside of the city of Johannesburg. Of the 200 people who were interviewed for this research, 30 were local South African businesspeople, 12 government officials, and 50 foreign nationals were included. Although this number is small in relation to the population of Witbank, it can give a good idea of the characteristics of the immigrants in that town, in particular, and in South Africa generally.

Age structures of the people revealed that majority of them were young where 44% were younger than 30 years, 34% between thirty and forty, 8% between 40-49% and finally 14% older than 50 years of age

In terms of Gender, the results indicated that 72% of the interviews were males while the rest were females. The majority of the immigrants were young people and are also mostly male. This is inline with the international migration which shows that males are more mobile than females. According to Braziel (2008), men are the dominant gender in migration patterns internationally.

The country profile of the immigrants has showed that Southern African Development Cooperation region is where majority of the surveyed immigrants originated.

The results show self-employed (full and part time) as being ,32% employed (full and part time) as 46%, unemployed but looking job as 16%, and students as 6%. The level of unemployment is much lower in the immigrant community than their national counterparts. The estimate of the local unemployment in the area of Witbank in which the survey was taken was 38%.

Witbank immigrants as the survey shows are mainly not involved in the wage labour market. Instead they are self employed except for Zimbabweans who are mainly working in low-wage private household employment, such as gardening and farming.

This employment distribution of the immigrants showed that they were a self-reliant community and created jobs for themselves. The average net income of these immigrants was R2 224 a month. Some 40 per cent earned less than R1 000 a month. In aggregate, this is low income compared to their educational level.

<u>Occupation type</u>	<u>% of the people involved</u>
Selling goods/spaza shops:	56%
Making goods to sell:	18%
Building trade:	10%
Artisan:	13%

Immigrants were also found to be doing other kinds of jobs which constitute a small percentage of their economic activities in Witbank.

The levels of educational attainment of the immigrants are not very low as many South Africans think. High school is the level of education at which the largest number of immigrants in Witbank left their studies. However, a considerable number of them said they were at tertiary level education.

These findings support other studies that stated African immigrants who are involved the informal sector of the country tends to be young, single male with better levels of education than their South African counterparts (Rogerson & Peberdy, 2003).

3.6.2. The three province survey of SAMP

The above mentioned Witbank research was limited in its number of interviews as well as the geographical scope. The research conducted by SAMP that was mentioned earlier was more broad and comprehensive both in the geographical area it covered and the number of the surveyed immigrants. The findings of this study were as follows: Men constituted the majority of the immigrants as was found in other studies. Women constituted only 21% of the total number of interviewed immigrants while men were 79% (McDonald et al, 1999). However, there were differences between the countries in terms

of the gender where women constituted high proportion of immigrants compared to other countries. For example, women were 32% of the immigrants from Democratic Republic of Congo while this number was as low as only 10% in the case of Nigerian immigrants surveyed (McDonald *et al.*, 1999). It seems that geographical distance between South Africa and the countries of the origin of the surveyed immigrants helps understand the disparity of the number of men and women in the survey.

In terms of age, half of the interviewed immigrants were below thirty years. Young people made the bulk of the African immigrants in the South Africa as the Witbank research also showed. The educational attainment of the immigrants was also impressive in the study. Twenty two percent of the immigrants had a form of tertiary education while 73 percent had some high school education. However, there was no big difference between this study and the Witbank study in terms of the employment of the immigrants; 38% of the immigrants worked in the informal sector while 62% worked in the formal sector. The majority of the immigrants' work did not yield good income; 46% of them earned less than a thousand rand while 13% earned three thousand rand. But there was a minority of them earning a considerable amount of income; 5% said they earned more than seven thousand rand, 18% stated that they did not rely on any sort of regular income.

The crime experience of the immigrants was higher than that of the South Africans which was 23% for the immigrants and 21% for South Africans. Refugees who are part of the immigrant community in South Africa experienced the highest level of robbery, where 60% said they had been robbed while in South Africa (McDonald *et al.*, 1999). This shows that immigrants are victims of crime rather than the widely held view that they are the perpetrators of criminal activities.

It is correct that the above-mentioned characteristics are not confined to the immigrants in this country. As Amin (2010) stated, a research done on 350 informal businesses in different parts of Africa including Burkina Faso, Cameroon and other places found that immigrants are more likely to be males, unmarried, and younger, and their businesses are generally smaller in size and more efficient. Furthermore, immigrants are not less educated than locals and in terms of experience before initiating the business, they are

the same. Another important difference between the two groups is that immigrants like mostly to be involved in the service sector rather than manufacturing, unlike the locals, and also like to work outside family spheres (Amin, 2010).

Johannesburg city centre is a good example of the entrepreneurship of African immigrants in the country. According to Cachalia, F., Jocum, M. & Rogerson, C.M. (2004), the clothing industry in the Johannesburg inner city represents two different groups of entrepreneurs who see the city centre as a place of opportunities although on a different scale. This positive stance of these entrepreneurs is as a result of the good infrastructure of the city, access to markets and suppliers as well as the wholesalers. The first of these two groups are the immigrant entrepreneurs who originate from other parts of the African continent. Although people from West Africa constitute the most successful of this group, other immigrants from Kenya, Somalia, Democratic Republic of Congo, Botswana and Malawi are also very involved and their presence in the Johannesburg inner city's clothing industry cannot be undermined. These immigrant entrepreneurs started their businesses with capital they brought to South Africa from their home countries or the capital they have saved while working in the country (Cachalia, et al., 2004),

The second group which constitutes the largest group of entrepreneurs and who are represented in the inner-city clothing industry are the black South Africans (Cachalia et al., 2004). However, there are various factors that limit this industry. Among them are the increase in the price of the rent, the shortages of skilled workers, the high labour costs, the low productivity, the concentration of the Johannesburg clothing producers on the low income side of the clothing market which is very sensitive to competition from the imported products, the unwillingness of the clothing entrepreneurs to assume dynamic change that is geared towards a competitiveness from the imported clothes, the negative effects of the commercial flight owned by the white capitalists from the Johannesburg inner city which they saw as becoming an unsuitable environment for their businesses and more similar factors (Cachalia et al., 2004).

It is not only in South African cities that informal traders trade their different kinds of commodities, but there is a great deal of informal economic activities going on at the

country's borders with the neighbouring countries. The many border crossing points the country shares with SADC neighbours is each day passed by trucks full of commodities, women carrying their big bags on their heads, taxis and bakkies full of stuff that is to be sold either on this side or on the other side of the border. It is a process that is continually happening in which many informal low earning people from both sides of the border try to make a living for themselves and for their families (Peberdy, 2002).

The informal economy's cross border trade absorbs entrepreneurs of both men and women. But women constitute the majority of the cross borders. Various researchers have shown that women are actively involved and have taken advantage of the business opportunities available at the borders South Africa shares with SADC region. It was found that females make up 70% of the entrepreneurs trading between Mozambique and South Africa (Peberdy & Rogerson, 2000). The Zimbabwean border with South Africa is nearly the same where 65% of informal traders are women (Nethengwe, 1999). Surprisingly, South African embassies in both Mozambique and Zimbabwe said that more than 80% of people applying for visa for business purposes are females (Peberdy & Crush, 1998).

Women in general are involved in the survivalist type of informal businesses in the trans-border trade. The majority of the people involved in this type of trade are below forty years old. Commodities that are traded at the cross border businesses include clothes, shoes, electronic staff, household appliances, blankets and duvets, furniture, cosmetics machinery, traditional dress, vegetables, handicrafts and so on (Peberdy, 2002). The widespread perception some held in the country that cross-border traders and the African informal traders around the country's territories next to the neighboring countries come to the country illegally is refuted by the empirical studies (Peberdy & Rogerson, 2003).

There could be a question of why many immigrants find various kinds of jobs, mainly informal business activities or informal laboring. There could be different answers and it is suggested that local citizens shy away from certain jobs within the community that they regard as lowly resulting in job gaps for the immigrants. This sentiment was echoed in a study done by the HSRC after the xenophobic incident in the country in

2008 in which an interviewed group of local people indicated that South Africans when offered a job, first consider whether it is acceptable in the community or not. If the perception is that it is not good, that job will not be taken (HSRC, 2008).

There is a persistent perception in the researched group that South Africans have the right to get a “meaningful dignified work that will not shame them in the eyes of their community” (HSRC, 2008:32). This is in direct opposite to the situation in the immigrant communities as they break the shackle of traditions in many cases. Many immigrants tend to do jobs that were seen as not morally right to do when they were in their home countries. In the community where ones’ family lived for centuries, the person has a fixed place in which to continue the family job and rely on the resources the family has had since that person was born, for example, a piece of land, a flock of cattle, or a specific kind of business. However, when the person migrates into a new country, he has to rely on his abilities and hence himself. This makes him very flexible, innovative and having a different kind of spirit that he uses to what he would have used at home. He could go anywhere and could do anything. This was the foundation of the American inventiveness and creativity (Kennedy, 1964).

It is not only in South Africa that immigrants try to create employment for themselves and hence generate their livelihoods. Instead, it is a global phenomenon where studies in Canada, Denmark, Finland and many other countries have shown that the informal economy and self employment is a niche for immigrants. There are various explanations for this phenomenon. One of these explanations suggests that the nature of migration is selective where immigrants tend to be dynamic and less reluctant to take risks than the community that hosts them as was mentioned in the above. Another explanation is that migrants are self employed because of the barriers they face in the salaried jobs such as discrimination, language barriers and lack of proper information in the formal job market (Koser, 2007).

There is a fact that immigrants in general and African immigrants, in particular, face in their daily lives whether they are involved in the informal economic activities or employed in the formal sectors of the economy, and that is xenophobia. Xenophobia is

not limited to South Africa and South African citizens are not the only citizens who do not feel comfortable with the noticeable foreign nationals in their country. It is well documented that citizens of the most advanced nations on the globe increasingly are disliking foreigners in their countries (Spencer, 2003). A more detailed account of xenophobia and its incidents in the country is given below.

3.7. Xenophobia

This chapter will be incomplete without mentioning the uncomfortable feeling known as xenophobia that some segments of the South African society have towards immigrants particularly the foreign nationals who originate from other parts of the African continent. Xenophobia can be defined as the “hatred or fear of foreigners” by the citizens of any particular country” (McDonald & Crush 2000), but in our case by the South African nationals. Crush & McDonald (2002), HSRC (2008) and Landau, et al. (2008) all indicated the negative attitudes of some nationals towards these African immigrants. There are various reasons that South African citizens cite to justify this feeling. These include competition for resources, crime and criminal activities which is said to be committed by the immigrants, diseases, corruption committed by immigrants to get South African documents illegally and so on (HSRC, 2008) and (Landau, et al. 2008). Despite these accusations, studies repeatedly show that non-nationals are mainly involved in the informal economy where they create employment for themselves as well as some local South Africans (Kloosterman & Rath, 2003).

Although some immigrants can be involved in crime and could be criminals, studies show that they are disproportionately victims of crime activities instead of being crime perpetrators (McDonald et al., 1999). On the other hand, foreign nationals claim that these attitudes are triggered by a jealousy because of their creativity and entrepreneurship spirit (Crush & McDonald, 2002). Although the South African government, some civil organisations and the community leaders of the immigrants themselves have made an effort to curb these negative sentiments and perceptions of xenophobic nature, it is a reality that will unlikely change any time soon (Landau et al., 2002).

There have been incidents of xenophobic nature in the country in the past (Kloosterman & Rath, 2003). But the violent incident in May 2008 was the largest both in its geographical scope and magnitude (Landau et al., 2002). There were various explanations as to why it happened and what has caused and sustained including economic reasoning, third force, competition for resources, and lack of service delivery and so on. Although all these could be part of the explanations, Wits Forced Migration Programme (2008: 178) after an extensive practical research, concluded that the “violence against foreign nationals was organised and led by local groups and individuals who used popular frustration as a means of mobilising people to commit violence” and that the “instigators of the attacks used the violence as a means to appropriate localised state authority for personal political and economic benefits”. This empirical research stated that the outbreak of the violence is deep-rooted in the micro-politics of South African townships and informal settlement daily life.

The final statistics that was produced at the end of the violence that took place in the country between the 11th and 26th of May 2008, revealed that in the 135 different locations in the country where it occurred, 62 people were killed, 342 shops were looted, 213 shops were burnt down, and many thousands of people fled from their living areas, and millions of rand worth material goods were destroyed (Landau et al., 2008).

Somali immigrants, as part of the greater African immigrants in the country, received their share of the xenophobic attitudes from the nationals. Table 3.4 depicts some of the violent situations which Somalis encountered in the past in some South African provinces.

Table 3.4: Some violent incidents Somalis faced in the country (Adapted from Landau *et al*, 2008)

Date	Place	Type of the incident
July 2006	Knysna (Western Cape)	At least 30 spaza Somali shops were damaged and they were chased out.
July 2006	Cape Town (Western Cape)	a period of just over a month, between 20 and 30 Somalis are killed in townships surrounding Cape Town
Feb 2007	Motherwell (Eastern Cape):	Violence triggered by the accidental shooting of a young South African man by a Somali shop owner results in the looting of over one hundred Somali-owned shops in a 24 hour period.
May 2007	Ipelegeng township (North West)	Shops owned by Bangladeshi, Pakistani, Somali and Ethiopian nationals are attacked, looted and in some cases burnt
Jan 2008	Duncan Village (Eastern Cape)	Two Somalis are found burned to death in their shop. Police later arrest seven people in connection with this
Jan 2008	Jeffrey's Bay (Eastern Cape)	After a Somali shop owner allegedly shoots dead a suspected thief, a crowd of residents attack Somali-owned shops, and many Somali nationals seek shelter at the police station.
Feb 2008	Valhalla Park (Western Cape):	Residents of Valhalla Park forcefully evict at least five Somali shop owners from the area, injuring three people after having apparently 'warned' the shop owners to leave three months before
Feb 2008	Kroonstad (Free State)	One person is seriously injured and 80 shops ransacked after a Somali shop owner retaliates with force against two drunken locals who attempt to rob him. Police arrest 39 people.
Mar 2008	Atteridgeville (Gauteng):	At least seven lives are lost in a series of attacks that take place over a week. The deceased include Zimbabwean, Pakistani and Somali nationals as well as a South African who was mistaken for a foreign national.
18 May	Du Noon, Cape Town	30 Somali spaza-shop owners receive 'eviction letters'.
17 May	Lwandle, Strand, Cape Town	Somali shop owners receive 'eviction notices.'
15 May	Diepsloot.	Somali- and Pakistani-owned businesses looted and destroyed

22 May	Masiphumelele & Du Noon, Cape Town	Foreign nationals stoned and Somali-run shops looted, injuring 12.
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3.8. Conclusion

International migration is not only a reality that cannot be avoided in the 21st century but is a constant human response to push and pull factors that is evident in immigrants' immediate as well as distant environments. South Africa as a result of the democratisation process in the early years of 1990s attracted both labour and capital from far places of the globe. A large percentage of this labour came from other parts of the African continent. The employment situation in the country could not allow many immigrants to be absorbed into the formal sector of the economy. This is because there was already a surplus of cheap labour in the country who were mainly South African blacks and the new immigrants. Though many of these African immigrants were educated, the majority did not have skills that would allow them to be employed in the formal sector of the economy. This resulted in a vast number of these immigrants, particularly African immigrants who made up the bulk of the international immigrants in the country, having to go into the informal sector and self employment. Although they are not generating much income from the informal economy, these African immigrants continue to strive to sustain their lives and those of their families. They also most settled in the townships in which the majority of the country's poor citizens live.

Many South Africans are also part of the informal sector as they cannot find jobs in the formal sector of the country. Like the new immigrants, they rely on hawking, vending and selling things in the train stations to survive. As a result of this competition coupled with the country's history of violence between the various races and groups, and also the distrust and denial of rights, a situation of envy came into existence between the African immigrants and the South African nationals. This has led to violence and hatred

known as xenophobia. Somalis who live in the country as immigrants are also largely involved in the informal economy and have had their share of the opportunities as well as the obstacles the informal economy offers.

CHAPTER FOUR

RESEARCH METHODOLOGY

4.1 Introduction

Chapter two dealt with the informal economy concept, the approaches that explain its existence, the situation of the sector in Sub-Saharan Africa, in South Africa and in Somalia as well. On the other hand, chapter three dealt with the international migration into South Africa particularly since 1994 and the African immigrants particularly the involvement of these immigrants in the informal sector and the friction between these African immigrants and the South African people who were already involved in the sector. Chapter four will explain the research methodology this study has adopted in order to obtain the kind of information it needed for achieving its aims and objectives. Furthermore, the purpose of the research, research methods, samples, methods of data collecting; analysis, validity of the findings, the obstacles faced, and the limitations will be discussed.

4.2 Research Aims and Objectives

The main aim and purpose of this study was to find out what is happening in the world of the Somali informal businesses in the Motherwell Township and compare them, to some extent, to the local people who are also involved in the same sector. The purpose was to yield two benefits, namely, informing the concerned people of the overall situation of the informal economic activities carried out by the Somalis in Motherwell, and giving an indication of whether the local South Africans who are involved in the same sector and in the same township are as competitive as the Somalis.

4.3 Research Methods

4.3.1 Methods of Data collection

It is a well-known reality in the research arena that no research is viable unless there is data to support it and the data itself cannot be considered to be a valid unless the method used to collect it is scientifically valid (Smit, 1995).

Although it is obvious that subjective human feelings and emotions are indeed difficult and even impossible to quantify, qualitative methods are very important for this kind of study because it aims at capturing the “lived experiences of social world and the meanings people give these experiences from their own perspectives” (Corti & Thompson, 2004: 327).

4.3.1.1. Sampling

This research uses 64 Somali informal traders in the Motherwell Township as well as 65 South African informal businesspeople from the same township. The control group was the Somalis and hence more emphasis was put on them. Probability sampling technique was used in the study. This meant that every informal trader in Motherwell from either the Somali or SA national group has an equal chance of being interviewed. This was not a problem in the case of South Africans as there were many business outlets of informal nature owned by the nationals in all over Motherwell. However, the Somali owned businesses were a different case. At the time of data gathering in the field, there were 150 Somali owned businesses in the 13 units of the Motherwell Township known as NUs. These businesses which are scattered across a wide area need to be given an equal chance of being included in the study. However, because of the large sample drawn, it meant that 43% of all Somali businesses in Motherwell were covered in all the Motherwell NUs.

4.3.1.2 Pilot Study

Before the study began, a pilot study had been carried out in order to find out the shortcomings of the questionnaire. Galpin (2009) rightly asserted that pilot surveying allows the researcher to check if the procedure is working properly, and can pose positive challenges before the commencement of the research. Questions that can arise as a result of the pilot surveys include: how long does it take to administer the questionnaire, are there some ambiguous questions that need clarification, do some questions cause provocations and resentments, are the questions yielding the right answers that the research needs, are there some questions that need to be added to the list, and so on. Bearing this in mind, the research piloted ten Somali informal traders and consulted with the supervisor in order to check the suitability of the questionnaire. Hence, this assisted in clarifying some questions and allowed for the re-alignment of the research questions.

4.3.1.3 Triangulation

Some of the questions posed by this research could not be answered using only a single research method. Hence a multi-method approach of data collection and analysis known as triangulation was used. Hall & Hall (1996) stated that using different research methods or sources of data (triangulation) in order to examine the same problem has the advantage where the weakness associated with one method or source of data can be compensated for by the use of another. Hence in this research, focus group discussions, interviews and observations have been used in order to obtain a reliable data

4.3.1.4 Interviews

Rapley (2004) described qualitative interviews as that process where two people, who are in most cases strangers, sit down next to each other and discuss the specific issue. In this case, the interviewer asks questions while the interviewee answers it in an oral

form. The questionnaires of this research was set in English, however the majority of the Somalis in Motherwell as the findings will show, were not English speakers hence they needed help. Therefore, the survey was in an interview form. This meant that in the case of the Somalis, the respondents were asked questions in their home language, with the answers being recorded Somali and English. The South African nationals' situation was more or less the same where the vast majority of the respondents needed the questions to be translated into Xhosa and many of them could not answer in English. This required translators to ask the question in Xhosa and then write it in English.

4.3.1.5 Questionnaires

Asking people questions is one of the best methods of gathering data both in qualitative and quantitative research approaches (Walliman, 2001). When designed carefully, a questionnaire enables the researcher to find the type of information the research needs in a flexible and convenient way. One of the advantages of this type of data collecting is its impersonal nature. Questions in the questionnaire are fixed and do not changes according to the kind of replies respondents give. The respondents can be completely unknown allowing, even difficult questions to be answered as their identities will not be known. Furthermore, a questionnaire is an economical method where it can save a great deal of costs and time (Walliman, 2001).

After the end of the structured survey questionnaires, the researcher and the respondents had a session together where mostly unstructured were asked. The respondents answered orally. The reason of using this type of method was to find out more information that the structured questionnaires in the survey did not encompass. It was also a spontaneous response of the researcher in response to the willingness of some of the first interviewees to talk freely and give further information.

4.3.1.6 Focus group study

In the process of triangulation, this study has also used focus group study in order to verify the results of the individual interviews. This took place in Korsten; the hub of the Somalis in Port Elizabeth and where many people from the surrounding townships could be found. The focus group discussion consisted of eleven people who discussed structured, unstructured, and semi-structured questions. The group discussed various topics asked by the researcher and then each was later asked to write down what he thought about the issue discussed. The structured questions were written in Somali language in order to make it easier for the group to convey their own feelings and write it in their own language, Somali.

As Babbie (2004) stated that this method has the following advantages:

- it is a socially oriented method where it captures real life data in the social setting
- it has high face validity
- it is low in cost

Limiting factors in this focus group discussion included both the outside interferences of the people who were not part of the studied group, the existing time pressure, the inability of some of the group members to write and answer questions either in Somali or English.

4.3.1.7 Observation

Neuman (1997) stated that surveys and experiments are reactive research methods. This means that the subjects studied are aware that they are being studied and hence this can be a source of bias in the data obtained. On the other hand, observation is a non-reactive method where subjects of study are unaware that they are under observation. Hence observation is independent of the subject's ability as well as his willingness to answer questions (Jahoda, M. Deutsch, M. and Cook, 1951). This can

lead to good and valuable information without any energy being wasted and without the studied subjects' reservation. Because of the valuable data it can provide in the field, this form of data collecting technique has been employed during the data collection in Motherwell Township.

4.4 Confidentiality in the research

The confidentiality of the people involved in the research was taken seriously. The Names of the people, shops or their street addresses were not written down. Hence, identities of the people involved in this research, as a matter of ethical issue, are not revealed. A few individuals allowed their names to be written down including the Somali Association of South Africa's Eastern Cape director as well the Somali business who was the first one to open a grocery shop both in South Africa and in Motherwell.

4.5 Validity

A common definition of validity is "the extent to which a test, questionnaire, or other operationalisation is really measuring what the researcher intends to measure" (Hall et al., 1996:43). In Social Science, social researchers in order to check the credibility of the research, look closely at the evidence of the research, how the research was carried out, if there were any interference during the research, and whether this interference has biased the process and the result of the research. In order to get credibility and trustworthiness of a research, the following methods are used:

- -supporting the findings of the study by the existing researchers
- -using the above-mentioned triangulation
- -giving a detailed account of how the data was collected and analysed
- -using communicative validation – involving participants to check the accuracy of the data and findings

4.6. Methods of data analysis

When any data is collected for research purposes, it must undergo a process of analysis. A researcher must work on the data until a conclusion is possible in which the initial research questions will be able to be answered. This process has been carried out in this study. Furthermore, the researcher has made meaning of the raw data collected by using various forms of quantitative analysis such as pie charts, bar charts, graphs, tables and also describing the data in written form.

In analysing data, this research has adopted the concept known in qualitative research as thick description (Henning, E. Rensburg, W. & Smit, B., 2004) which gives an account of an occurrence that is firstly coherent and that secondly gives more than facts and empirical content and lastly, interprets the information in the light of other empirical information in the same study.

The data was divided into small sub-sections, and each set of data was coded according to the meanings it had and then grouped into categories with related themes

4.7. Some limitations of the study

- The Motherwell security situation created an anxious situation when respondents repeatedly told the researcher that robbers or armed men would come at any time or any minute. This was particularly common in the afternoons. This rendered the interviewed and the interviewer having to be more vigilant during the interview which was time consuming.
- The research involving the South African nationals was assisted by other fellow South Africans and in some cases Somali individuals who spoke Xhosa excellently. However, the factor that there was a Somali person asking local people about their businesses created a level of suspicion in the local informal traders.

- Doubt about the reliability of some of the information provided by the Somali interviewees came into being particularly with the amount of rent Somali informal traders paid per month. This could limit the approximation of the economic impact of the Somalis to the township economy and the general Nelson Mandela Bay.

In conclusion, the research methods of the study which was mainly qualitative has nicely fitted this research as it was mainly asking people of their livelihoods, experiences, and interactions with their surroundings. As shown in this chapter, a considerable amount of effort has been given in order to make this research reliable and the source of information and the methods of data collection and analyzing more accurate.

CHAPTER FIVE

RESEARCH FINDINGS AND ANALYSIS

5.1 Introduction

The research site, as mentioned earlier, is Motherwell Township near Port Elizabeth. Although Port Elizabeth (PE) is very far from the borders of the country with the neighbouring African countries, it became a centre for the Somali immigrants as far as the early years of 1990s. PE was also the first place a Somali owned grocery shop was opened in the country. This was in 1997 in a township not far from PE called Kwanobuhle. The first Somali grocery shop in Motherwell was also launched in 1999. The researcher was lucky to interview the same person who opened the first grocery shops both in Kwanobuhle and Motherwell. Just in a period of eleven years, the Somalis have developed businesses to where currently 150 shops are owned. This meant that in every month, a new Somali shop was opening in Motherwell. While this was happening, there were the local informal traders in the township who were faced with a high level of competition as a result of the new economic activities of the Somali traders.

In this chapter, the findings of the research, will be presented and will also be interpreted and analysed. The chapter is divided into two sets, the first part deals briefly with the demographics and the personal information of the two informal traders, the Somalis and the SA nationals. The second part displays the findings and analysis of the businesses run by the two groups. The data is presented in graphs and tables as well as explanations that analyse the graphs and tables.

5.2 Personal details of the interviewees

The coming set of questions are those dealing with the biographical information including the age, gender, educational level, marital status, country of origin and social

habits which try to find the smoking as well as the drinking habits of the informal trader. Some of these questions were posed specific to Somalis while others were common to both groups.

5.2.1 Age

Figure 5.1 shows that there was a stark difference between the ages of the two groups namely, the local informal traders and the Somali immigrants in Motherwell Township. The overwhelming majority of the Somali informal traders were below the age of 30. This was compared to the South African nationals whose age was mainly above 30 years and the highest number indicated that they were in the area between 40 to 50 years. There was no single Somali interviewee whose age was above 55 years.

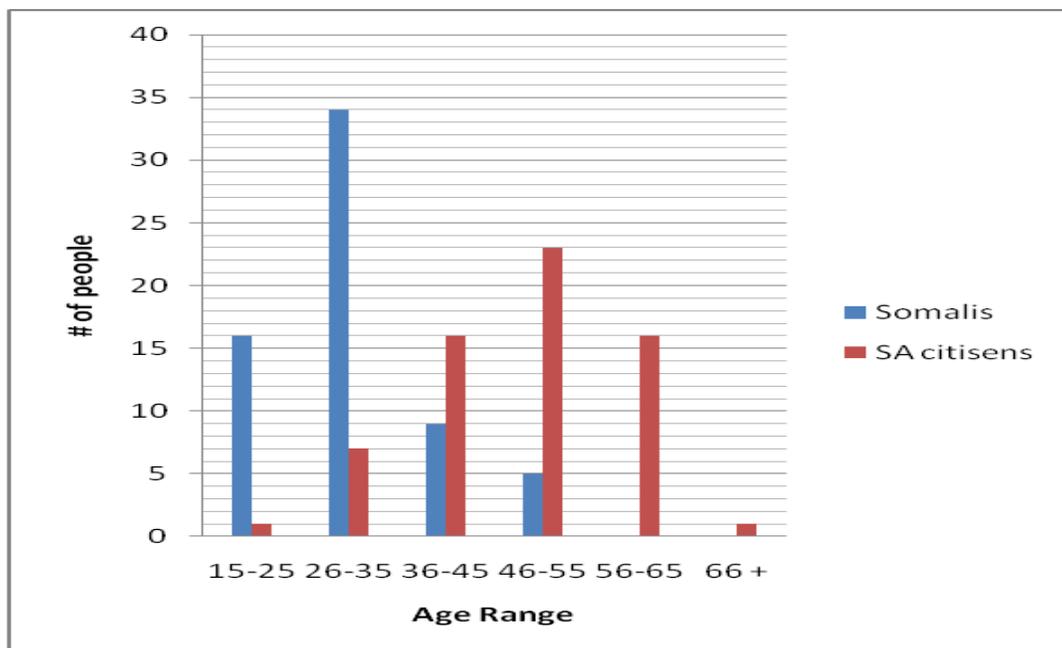


Figure 5.1: Age distribution of both Somalis and SA nationals

5.2.2 Gender

The most striking finding, as represented in Figure 5.2, was that there was not a single female interviewee among the Somali immigrants; 100% of the people interviewed were male. Furthermore, during the field work of the research, no Somali women were seen in the shops. On the other hand, although men were more than women, in the case of South African informal traders, women were represented well where 40% of the interviewed informal traders were women. Refer to Figure 5.2.

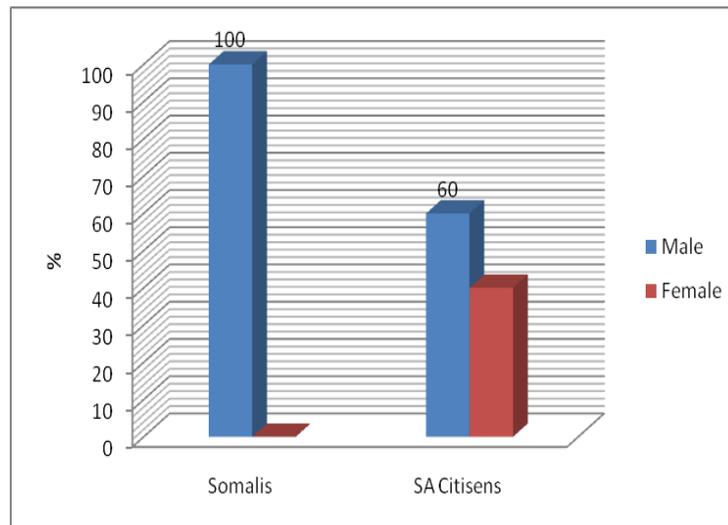


Figure 5.2: Gender distribution

5.2.3 Marital Status

The majority of the South African nationals indicated they were married (58%). This is in contrast to the Somali informal traders who stated they were singles (slightly below 50%). The second highest number of Somalis indicated they are married (35%) while smaller portions were divorced or widowed. The marital status difference between the two groups is understandable to some extent when considering the age difference between the two groups where the SA nationals tend to be older than the Somali immigrants as age brings responsibilities in the form of family formation and so on. Refer to Figure 5.3.

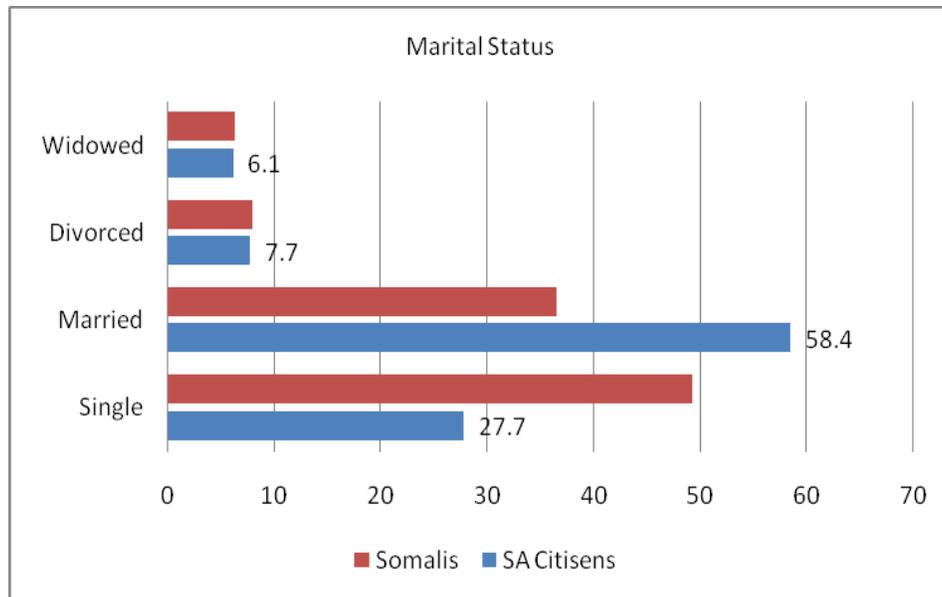


Figure 5.3: Marital status

5.2.4 Educational attainment

South African nationals indicated higher levels of educational achievements than their Somali counterparts. More than 70% said they reached a secondary school level while this numbered only 28% among Somali immigrants. Diploma and degree holders were also high among the South Africans compared to that of the Somalis. In contrast, the majority of the Somalis were either a primary school level or had never had a formal schooling. There was not a single degree holder among the Somali interviewees while a substantial number (18.7%) said they did not attend formal schooling. The reason for this could have been that most of these young people were from the generation that grew up after the civil war in the country in 1991 and did not get an opportunity to study. Refer to Figure 5.4.

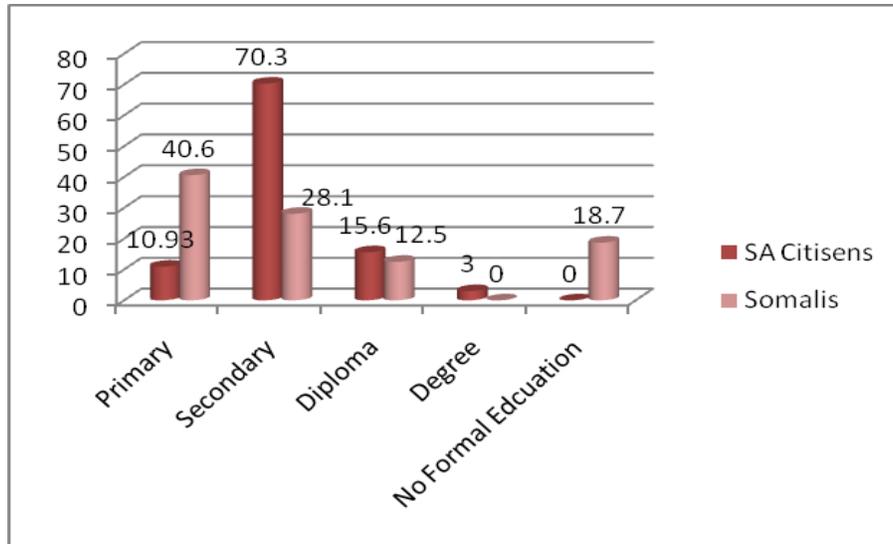


Figure 5.4: Educational level of both groups

5.2.5 Social Habits

The respondents were asked to state whether they smoked cigarettes and drink beer. In both groups, the majority did not smoke or drink but South African nationals had a higher percentage of smokers and drinkers than Somalis. Nearly 80% of the Somalis indicated they did not smoke while the rest said they smoked fully or occasionally. In the case of the South African nationals, more than sixty percent (exactly 60.9%) said they did not smoke. None of the Somali immigrants said they drink beer where 100% stated they did not drink at all. Drinking beer was also low among the South African nationals according to their responses. Only 26% indicated they drink beer (including occasional, regular and or at events). Refer to Figure 5.5.

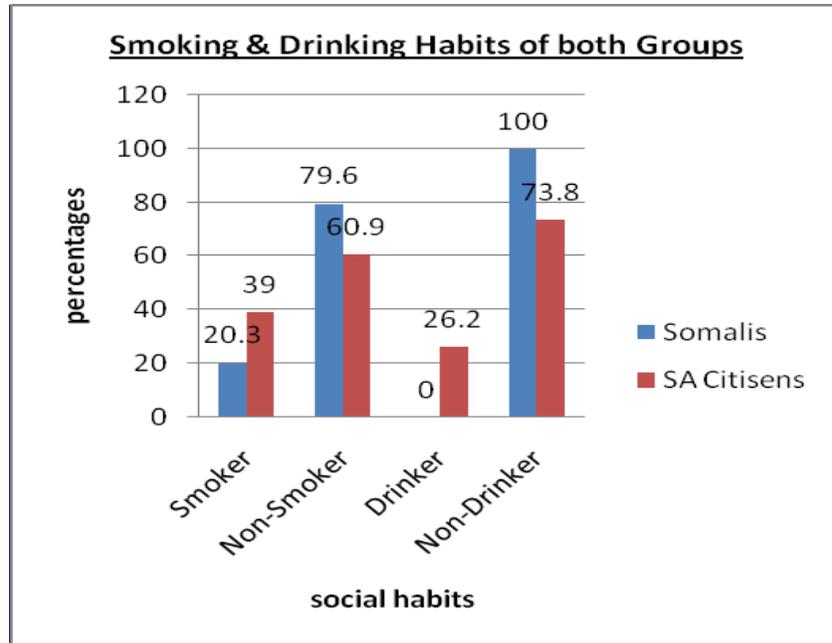


Figure 5.5: Social habits of Somalis and SA nationals

5.2.6 Country of origin and religious affiliation

In a question that asked about the country of origin of the Somali immigrants and their religious beliefs, 100% indicated anonymously that they were Muslims and originated from Somalia. This question was included because as it was explained in chapter 2 that there are other Somalis who settle in other countries in the Horn of Africa such as Djibouti, Ethiopia (Ogaden) and Kenya (North Eastern Frontiers known as NFD).

5.3 Business Related Information

The coming sets of questions are business related questions aimed at gathering good information about the business involvement of Somalis in the Motherwell Township

5.3.1 Business related qualifications

Respondents were asked to state whether they had any kind of qualifications that was related to business and the answers of the two groups were almost identical. Less than five percent of both groups indicated that they had business related qualifications while the rest 95% and above said they did not have any business qualifications. This was followed by a closely linked question which asked whether these respondents had any kind of training related to business. Refer to Table 5.1.

Table 5.1: Business related qualifications

Do you have any Business Related Qualification?		
	SA Citisens	Somalis
Yes	4.7%	4.8%
No	95.3%	95.2%

5.3.2 Business Related Training

The answers to this question were not far from the above one where these informal entrepreneurs received a minimum amount of business training. As the situation was in educational attainments, South African nationals displayed a slightly better level of training where 18% said they had had some form of specific business training compared to Somali traders whose number of people with business training counted only 8%. Refer to Figure 5.6.



Figure 5.6: Business specific training

5.3.3 Ownership of the business

Respondents were asked to state their status in the business; that is whether they are the owners, employees or just helpers and so on. More than 80% of South Africans said they were the business owners while this number was lower among Somalis were 63.5% said they owned the business. The rest indicated they were employees. In the South African case, those who said they were not owners of the business included family members, relatives and employees. Refer to Table 5.2.

Table 5.2: Ownership of the business

	SA nationals	Somalis
Yes	86.1%	63.5%
No	13.9%	36.5%

5.3.4 The nature of the businesses

Respondents were asked the nature of their businesses which was categorised as retailer/wholesaler, manufacturing industry, and service industry or stated as other if it

was a general dealer or spaza shops. The highest percentage of both groups is involved in the last category named other; general dealer and spaza shops. It was particularly extreme that 95.2% of all Somali informal traders were involved in this category while the number is much lower for the case of South Africans although still the highest of the all businesses in which local informal business people surveyed are involved. Refer to Figure 5.7.

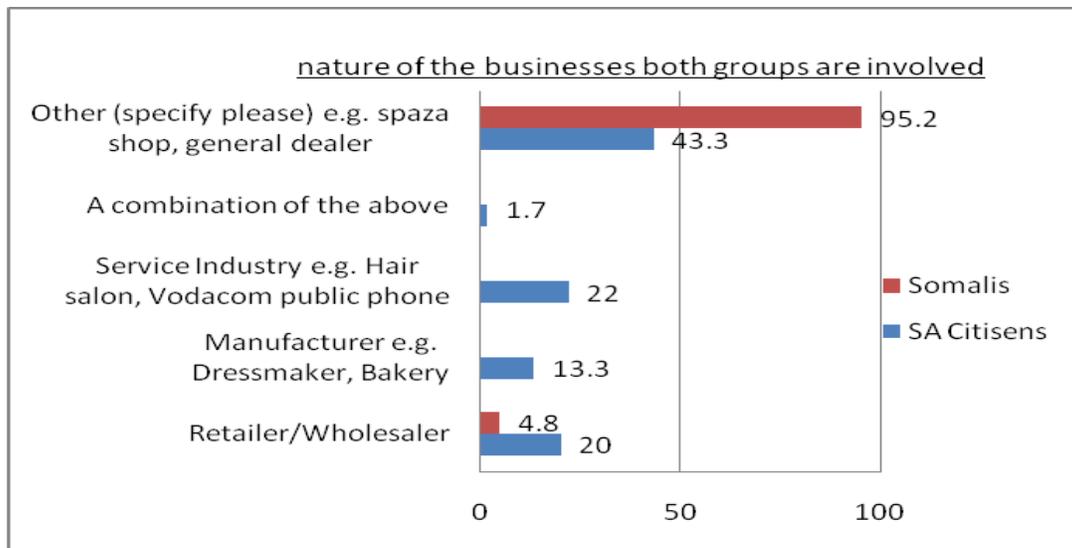


Figure 5.7: Nature of the businesses of two groups

5.3.5 The type of business activities

In a question that inquired about the type of the business in which respondents are involved, almost all but except 1.6% of the Somalis stated they are involved in the grocery businesses. South African businesses were more varied than that of Somalis. More than 30% of them stated they were in the service industry while another 22% said they are in the grocery and 9% in the clothing sector. Refer to Figure 5.8

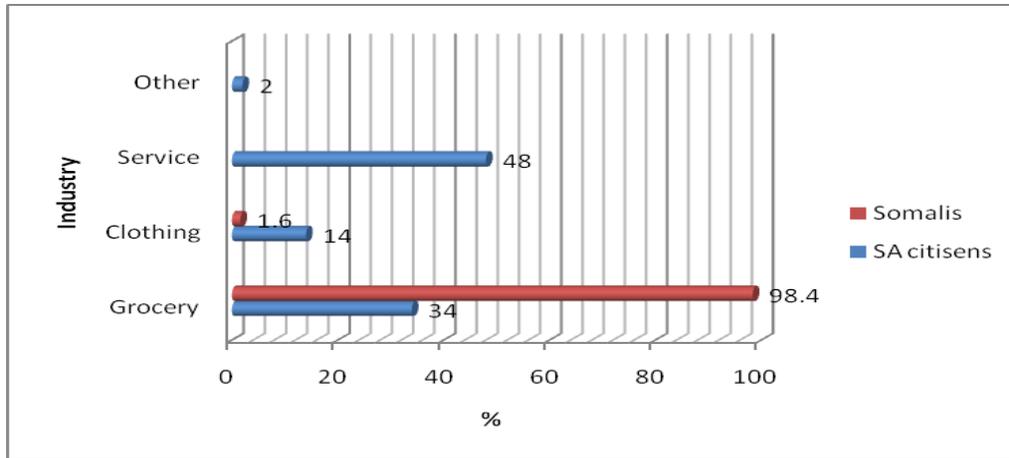


Figure 5.8: Type of business activities

5.3.6 Form of the business

Informal entrepreneurs were asked to state the form of their business. This meant that they should say whether they were trading alone (sole trader), sharing the business in the form of partnership, close corporation, or a company; 81% of the Somalis indicated that they were in partnerships with some other people while 19% said they owned the business alone. For South African nationals 62.5% were sole traders, 34.3% were in partnership and the remaining did their business in a company form. Refer to Figure 5.9.

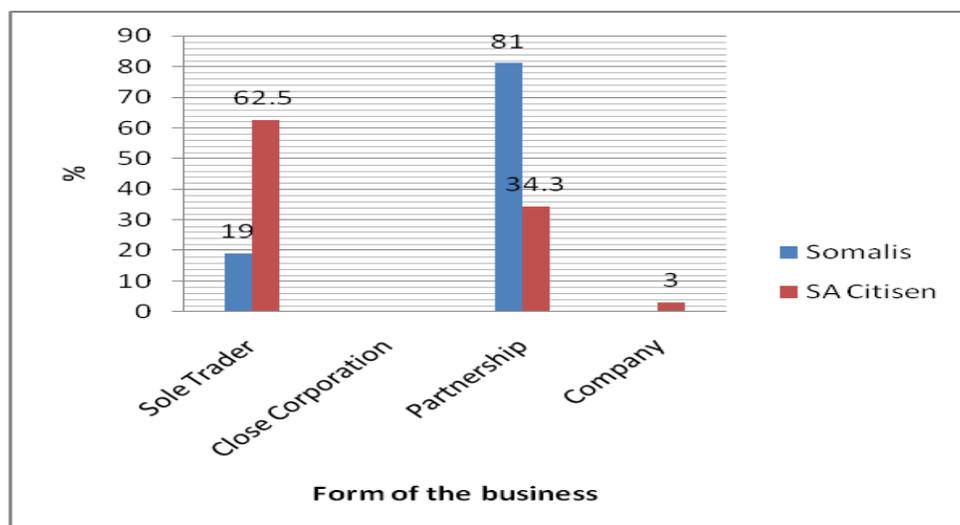


Figure 5.9: Form of the business

5.3.7 Is the business a family business

Informal traders were asked whether they run their businesses as a family business or not. The answer was more or less similar for the majority of the two groups although to a varying degree. The 'no' answer was higher among the Somali informal traders where more than 85% stated it was not a family business while the remaining portion said it was a family business. In the South African national businesses, 60 % recorded no and 40% yes.

5.3.8 Ownership of the business premises

Both Somalis and South African nationals were asked whether they were the owners of the business premises in which they were trading. The answers of the two groups were very different with 90.5% of Somali informal traders stating that they were not the owners of the premises in a direct contrast to 75% of the South Africans saying that they owned the premises. For the rest of Somali; 9.5% stated that the premises belonged to them and 25% of the South Africans stated they were not the owners of the buildings. Refer to Figure 5.10.

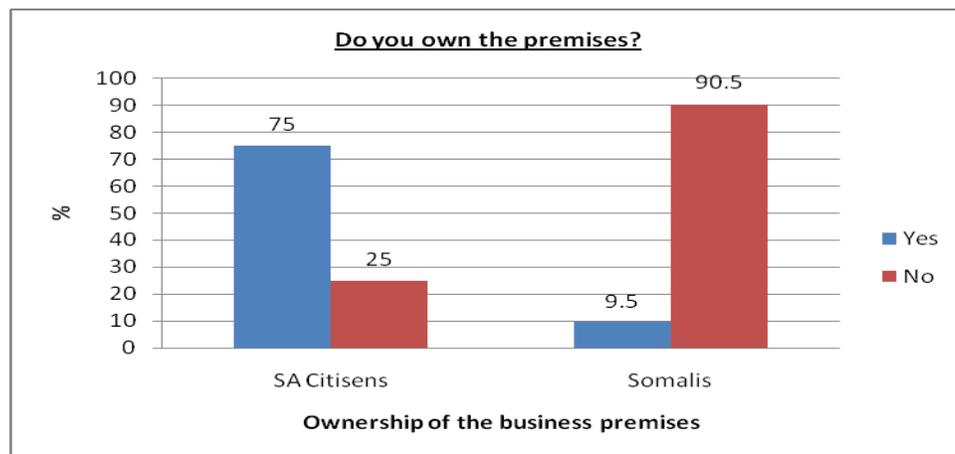


Figure 5.10: Ownership of the business premises

5.3.9 The initial user of the premises for business purposes

In a question specific to Somali immigrants in which they were asked whether they were the first to use the business premises they were occupying for business purposes, 79% said they were not and that there were other people who used the premises for business purposes. Some buildings were new, built for the intension of using them as business premises. Others were initially not intended to be used as a business premises but later used for that aim.

5.3.10 The nationality of the previous owners of the business

A question related to the above was asked again specifically to Somalis which enquire if the current owner or owners were the first to use the premises for business purposes. If so, then what was the nationality of the previous people who occupied the place - 53% stated the previous users were Somalis while the rest were South African nationals. This shows the rate of the premises circulation among Somalis as being very high. Refer to Figure 5.11.

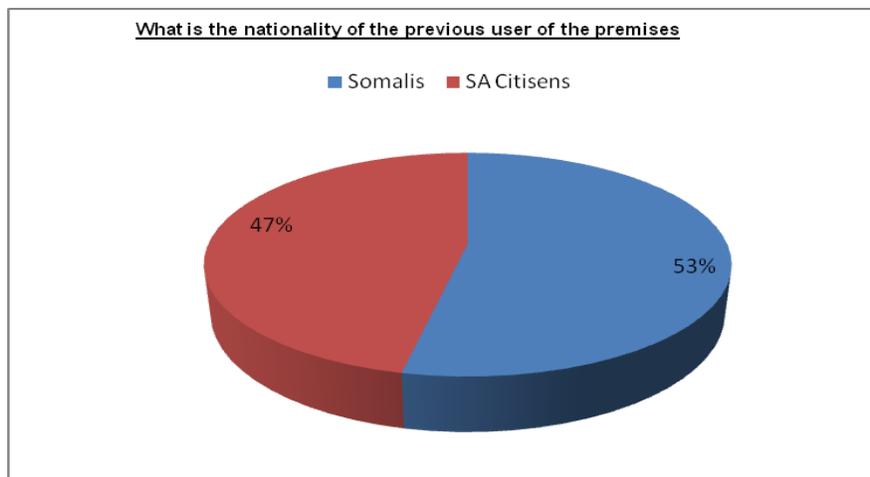


Figure 5.11: First user of the premise

5.3.10 How did you become the owner of the business?

The majority of the Somali informal traders (67%) who said the previous owners were the local people mentioned that the space was a working business (some mentioned it

was not properly operating) and they directly rented it from the owner. Another 22% said the place was a business premise but was not operational while 11% stated the premise was not suitable for a business but they equipped it and made it suitable for business purpose. All of these people except one person mentioned that they approached the owner directly or the owner approached them to rent the place. However, the source of the information that the premise is for rent and how the owner and the Somali traders were contacted initially were different. Refer to Table 5.3.

Table 5.3: How Somalis acquired using the business premises

It was a working business. I requested the owner to rent it to me and he/she accepted	67%
The building was vacant/not operating as a business. I requested the owner to rent it to me and he/she accepted it	22%
The place was not for a business purpose. I rented it and equipped to make it suitable for my business	11%

Some of the explanations include:

- *“I used to rent another shop owned by the owner of this shop. One day he told me that he has a shop for rent but I told him I cannot afford to rent it because of my financial ability and again in 2004, he pushed me to rent it and then I was able now to rent it as I saved enough money”.*
- *“The owner of the premise was my friend. We met first in Springbok (a wholesaler in Korsten, Port Elizabeth) when we were both stocking for other shops. We use to see each other for some time in that wholesaler. One day I asked him if he can get for me a business place for rent. A week later he called me saying one of his shops will be vacated and that is how came here”.*
- *“At the time I rented it, the place was not operational. I approached the owner and he said he is tired of running the business and his children are studying hence I requested if he can let me use it and pay rent and he accepted it”*

5.3.11 Reasons for becoming informal trader

Somali informal traders were asked why they first became involved in the informal businesses particularly in the Motherwell Township. The reasons cited were diverse; 64% cited the reason as being affordable businesses premises and the existence of business opportunities in the township. A substantial number (22%) also indicated they were involved in the township informal business because that was where they found their fellow friends and relatives were doing their businesses - meaning they followed others. Another 18% first started working as employees for other Somalis in the township and hence continued their involvement of the informal economy of the township. Eleven per cent did not mention any specific reason that had drawn them to Motherwell. Refer to Figure 5.12.

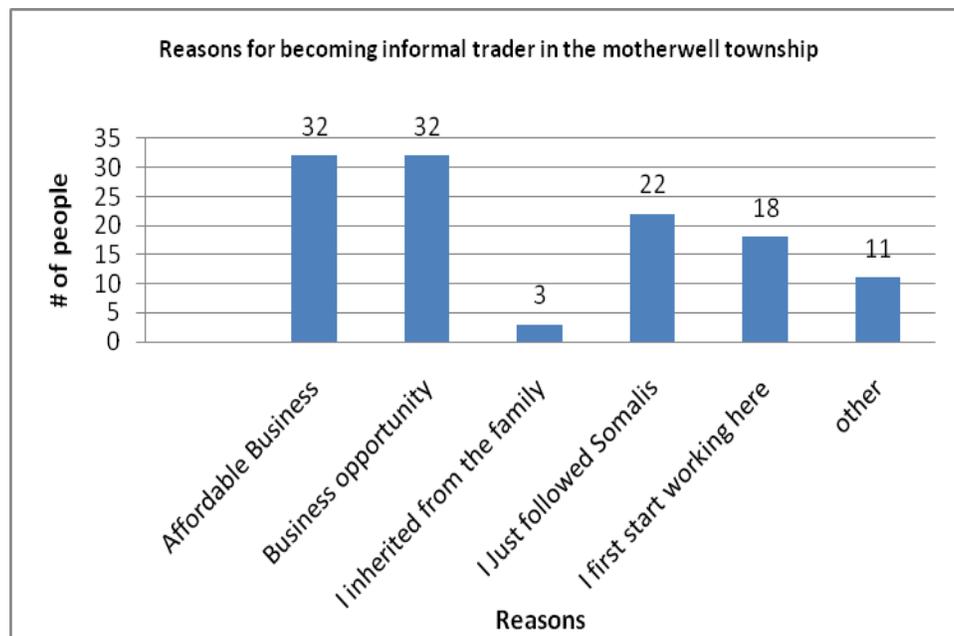


Figure 5.12: Reasons for becoming informal trader in Motherwell

5.3.12 Financing the businesses

Informal traders were asked to reveal the source of the capital that financed their businesses. The largest number of Somalis indicated they financed it through their savings during their work in South Africa. Another 13 people said they financed it with

the help of their family members. These family members included some who lived in South Africa and some others who lived in other parts of the world particularly in Europe and United States. Three people said they financed their businesses with capital they had saved during their work outside South Africa. Two people also stated that they inherited it from their family members who were killed in the Motherwell Township while two more people did not specify their source of financing the business. In the South African case, the largest number (19 people) mentioned the source as being credit or loanS, 11 said through family members and 15 others said they started their businesses with money they had saved and two more mentioned a pension as the source of the capital invested in the business. Refer to Figure 5.13.

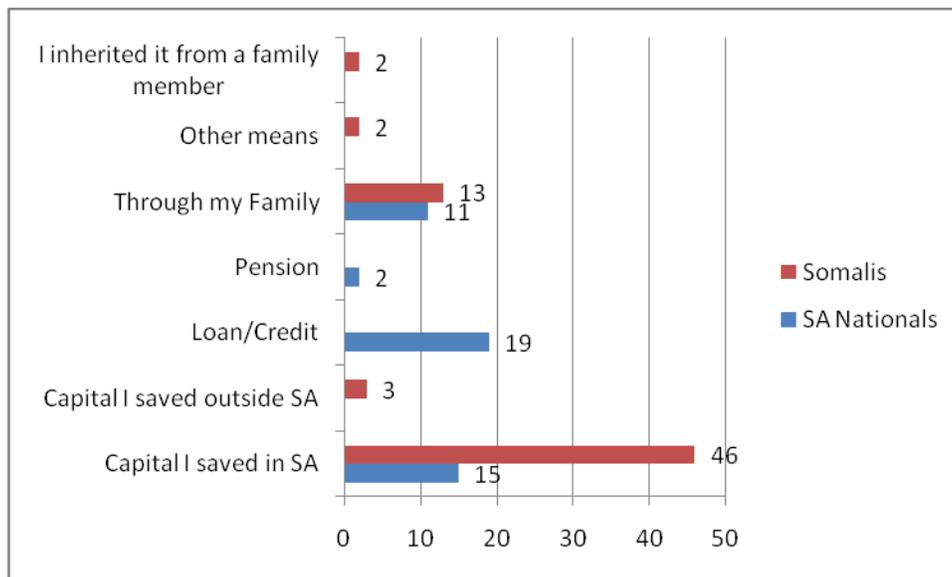


Figure 5.13: Sources of financing the business

5.3.13 Premises Rental issues

The majority of South African informal traders who were interviewed did not pay rent. Only 16 people out of 65 (25%) stated that they pay rent. Total rent paid by South African informal traders combined was R7800 per month. Average rent paid by rent paying businesses was R487. The highest rent amount was R800 for South African businesses while the lowest was R250. This was very much in contrast with the Somali businesses where the rental payment was very high (87%). Furthermore, the rental

amount was quite high where the average rent was R1959. The highest rent-paying business paid R4000 per month while the lowest was R500. However, the average amount of rent paid by Somalis seems unreasonably high and exaggerated. This doubt came into being when the researcher tried to validate the findings by discussing it with Somali informal traders in Motherwell as well as with those in the greater PE townships. These people consistently and repeatedly disputed that figure saying in general, the average amount of rents in Motherwell shops cannot exceed R1500. Refer to Table 5.4.

Table 5.4: Rental Payment

Criteria	<u>SA Citizens</u>	<u>Somalis</u>
No. of businesses who pay rent	16 out of 65	56 out of 64
Total rent paid all together	R7800	R225000
Average rent per person	R487.5	R1959
Highest rent	R800	R4000
Lowest rent	R250	R500

5.3.14 Shareholders in the business

Both groups were asked if they had shareholders in the businesses and if they had, what were the number of shareholders in the business - 87% of Somalis and 27% of South Africans indicated that they had shareholders in the business while 73% of South Africans and 12.5% of Somalis said they owned the business alone. In total, Somali shops that had shareholders were owned by 135 people while South Africans were 46 people. In average, each Somali business was co-owned by 2.45 people while that of South Africans were 2.7. There was a high concentration of shareholders in small number of South African businesses where the highest shared business was owned by ten people. This was in direct contrast to the Somali case where the highest was four. Thus Somali shareholders were more evenly spread. Refer to Table 5.5.

Table 5.5: Shareholders in the Business

Do you have Shareholders in the businesses	Somalis	SA Nationals
Yes	87.5%	27%
No	12.5%	73%
How Many Shareholders		
Total no. of Shareholders in all businesses	135	46
Average no. of shareholders per business	2.45	2.7
Business with the highest no. of shareholders	4	10
Business with the lowest no. of shareholders	2	2
% of businesses shared	87%	27%
Nationality of shareholders	All are Somalis	All are SA nationals

5.3.15 Number of years in the business

The majority of the Somalis were newcomers to the Motherwell informal business. The highest number of years that a Somali person was involved in the Motherwell business was eight years. This was compared to the South African situation where the maximum was 17 years. The average number of years Somali informal traders were trading in Motherwell was 3.7 years. But for the local people, it was 6.5 years. The minimum period that the newest business owner had been operating was less than a year or a year. Refer to Figure 5.14.

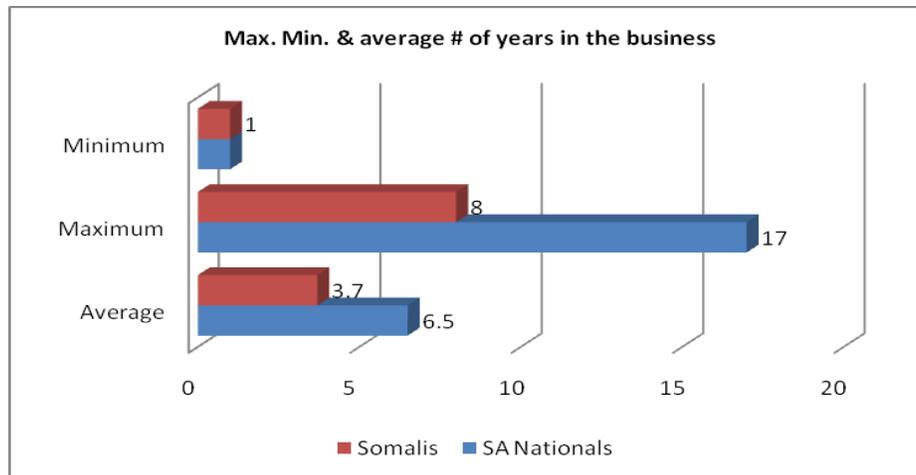


Figure 5.14: Average number of years in the business

5.3.16 Past business experience

In a question asking whether the two groups had any business experience before they started their current business, it became clear that both Somalis and local informal business people had had very limited prior business involvement - 73% of Somali immigrants and 64% South Africans had no past business experience. For those who had business experiences, South African nationals performed slightly better than Somalis - 36% of SA nationals and 27% of Somalis had some form of business experiences in the past. Refer to Figure 5.15.

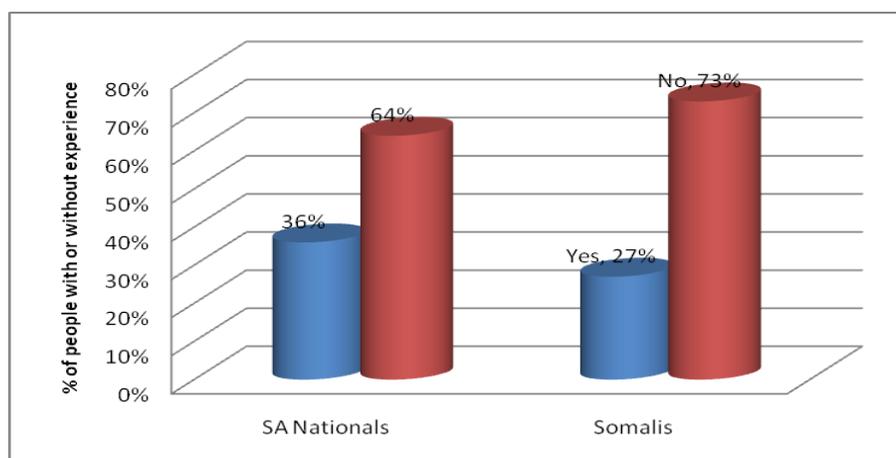


Figure 5.15: Past business experience

5.3.17 Assets in the business

In a question inquiring about the availability of fax, computer, internet connection or even email, more than 90% of Somalis and 83% of South Africans answered negatively; meaning that these facilities were not available in their businesses. Once again, South Africans performed better than Somalis although by a small margin - 17% stated that they had these facilities. For Somalis, it was only 9.5% for computer, internet connection and emailing, while fax facilities were available in very few shops. Refer to Table 5.6.

Table 5.6: Having computer related assets in the business

Do you have the following assets in the shop	SA Nationals		Somalis	
	Yes	No	Yes	No
Fax	17%	83%	3.1%	96.9
Computer	17%	83%	9.5%	90.5%
Internet connection	17%	83%	9.5%	90.5%
Email	17%	83%	9.5%	90.5%

5.3.18 Getting business permit to run the business

The vast majority of Somalis and South African nationals indicated they do not need to obtain a business license to start the type of business they were involved in -90.5% and 85% of Somalis and South African nationals respectively stated that there was no need to obtain a business permit. Those who said was required were liquor stores in the case of the South Africans and businesses that occupied large premises in the case of Somalis. Another difference was that majority of Somalis were registered with South African Revenue Services (SARS). According to the answers given, more than 74% of Somalis are registered with SARS while the rest were not. This is in contrast to the local

business people - 85% said they were not registered with SARS while the remaining 15% were. However, a minority of the two groups were registered for Value Added Tax (VAT). Refer to Table 5.7.

Table 5.7: Obtaining permits to run business

Do you need to obtain permit to run this business?	Somalis	SA Nationals
Yes	9.4	15
No	90.6	85
Are you registered for SARS?		
Yes	74.5	17
No	15.5	83
Are you registered for VAT?		
Yes	26.4	14
No	73.6	86

5.3.19 Employment opportunities

Ninety per cent of Somalis and 61% of South Africans stated that they employed other people in their businesses. The total number of people employed by South Africans was more than that of Somalis. Businesses owned by South African nationals employed a total of 120 people while that of Somalis employed 94 people. This shows that Somali business employment is more scattered than that of South Africans because 90% of their businesses employ 94 people while 61% local businesses employ 120 people. Furthermore, this means that employment is highly concentrated in some specific businesses among the locally owned businesses. The maximum number of employees by a South African owned business is ten people while that of Somalis are three. All of the people employed by South Africans were local people while Somalis employed both other Somalis and the local people. Refer to Table 5.8.

Table 5.8: Employment in the business

Do you employ anyone?	SA Nationals	Somalis
Yes	61%	90%
No	39%	10%
Total # of people employed	120	94
<u>average # of employees per business</u>	<u>3</u>	<u>1.6</u>
Maximum	10	3
Minimum	1	1
nationality of the employees	all are SA citizens	
Nationality of people employed by Somalis	45	39

5.3.20 Pricing policy

Somali informal traders took much lower profits than their South African counterparts. Hundred per cent of Somalis priced their commodities over 50% of the original cost. This meant that if the cost price of the item was R1, the maximum price they sold the item for was R1.50. But the majority priced below 30% of the cost price. This was much more lower than prices charged by the South African informal traders. The majority of the South African informal traders (that is above 60%) charged higher than 40% of the original cost price. Although there were some who had priced their commodities much cheaper than that, the vast majority were higher than that of Somalis. Some South African nationals even charged as high as 100% of the cost price. This meant that an item bought for R1 sold for R2 or in other words an item whose original cost price was R10 would now be sold R20. However, as many of the South African interviewees were involved in the service sector, this was understandable. Refer to Figure 5.16.

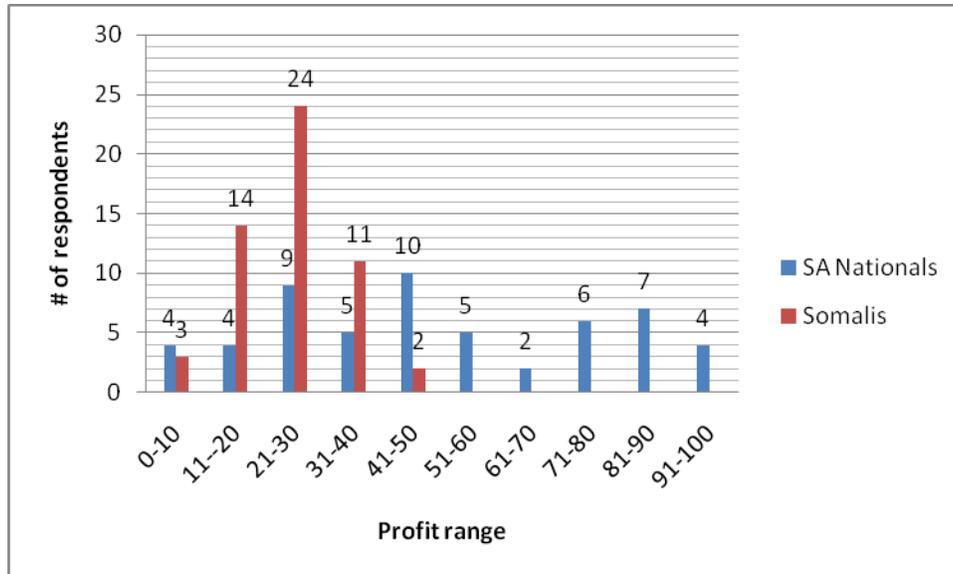


Figure 5.16: Business pricing policy

5.3.21 Pricing agreement

Somalis were asked if they considered prices they charge to be low - 73% felt or answered that they were not low. While the remaining 27% stated they were low. Some shop owners who had said it was not low said so because they were surrounded by Somali businesses who sold their commodities more or less the same. Others indicated that even the South African businesses were cheaper in some commodities than theirs while they themselves were cheaper in some other products. It all depended on the original prices and specials stocking that wholesalers offered. In another question that asked if there were any agreements or settlements of pricing between Somalis and South Africans, all of the Somali interviewees answered that there was no such agreement between the two groups. However, a few individuals mentioned that there was a kind of understanding between them and their South African neighbours on the

prices of a few specific items. Refer to Figure 5.17.

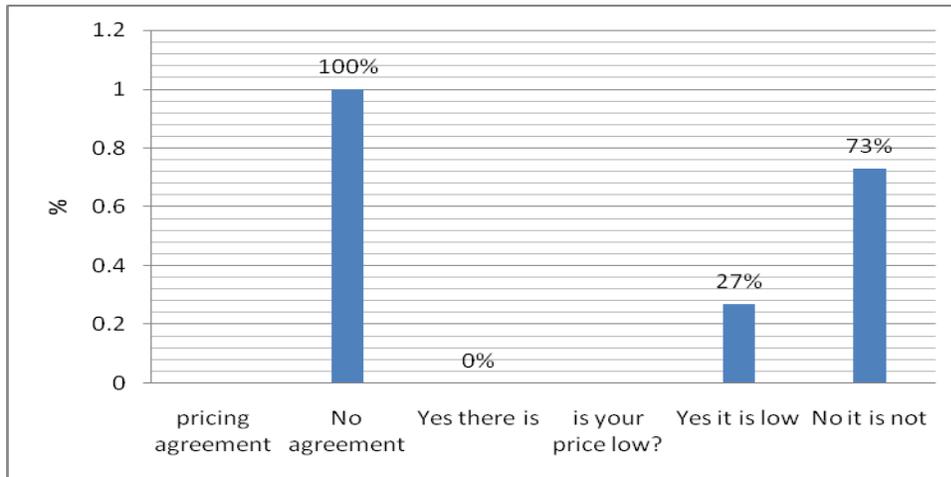


Figure 5.17: Pricing agreement with neighbouring businesses

5.3.22 Working hours of the informal traders

As Figure 5.18 shows, Somali informal traders worked more hours than their South African counterparts. While the latter worked from 7 hours to 16 hours per day, the Somalis worked from 9 to 15 hours. This meant that the maximum and the minimum hours of work were both worked by the South Africans (that is from 7 which was the minimum to 16 hours). But on average, Somalis worked more hours than the nationals. They worked 13 hours and 18 minutes per day while for locals, it was 11 hours and 11 minutes.

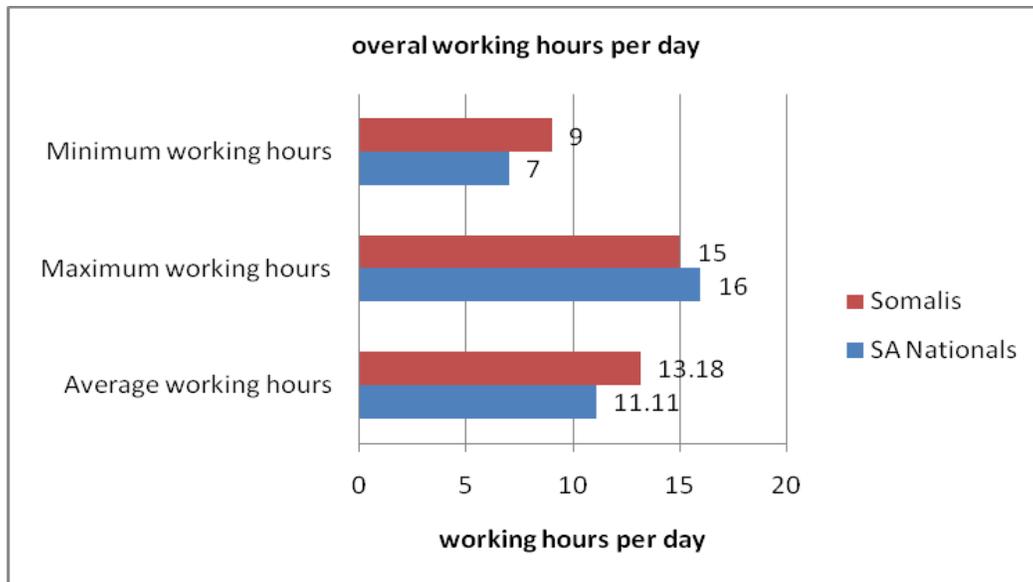


Figure 5.18: Working hours of the informal traders

5.3.23 Stocking for the business

Somali informal traders were asked three interrelated questions. These questions were: How often do you stock your business? Where do you buy your stock? and How do you transport your stock to your business premises? In answering the first question, 48 out of 63 said either they stocked it every other day or twice a week. Twelve out of the 63 stated they stocked once a week while three people said they stocked every day. Refer to Figure 5.19.

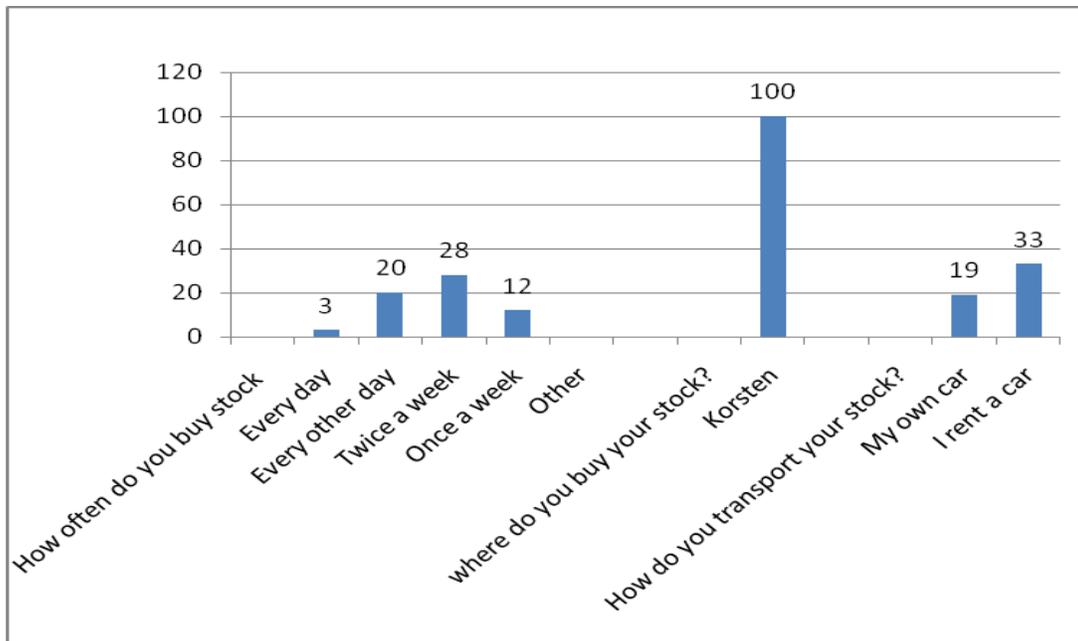


Figure 5.19: How often and where do the Somalis stock and how transport

However, these stocking days were not static, instead they were flexible with many saying that they bought stock on the way to the shop after the co-owners or employee had informed them of items that were running low. Some owners bought stock from the wholesalers in Korsten. Others mentioned that some items ran out faster than others and hence needed to be stocked almost every day. An example many cited were things that usually need a refrigerator such as meat particularly chicken, cold drinks during the summer, airtime and some other items.

For the second question, 100% of Somalis stated they bought their stock from Port Elizabeth wholesalers particularly in Korsten and nearly all of them mentioned two wholesalers, Springbok and Trade Value as their stocking places. For the third question asking how they transported their stock from the wholesalers to their trading posts, 52 people answered this question of which 33 indicated they rented a car while 19 said they used their own transport.

5.3.24 Relationship between the Somali and SA informal traders in Motherwell

Both Somalis and South African nationals were asked if they had any kind of relationship with the other group in the township. Strikingly, 100% of South African nationals and 86% of Somalis said they had no kind of relationships with each other. Some of the Somalis who said they had a relationship with the South African informal traders, stated that they had abandoned selling particular commodities to suit their neighbours. At least one Somali trader mentioned that the local business person is the owner of his premises and hence they had a good relationship with each other. Despite this lack of relationship between members of the two groups, the Ikamvehlile police commander informed the researcher that a forum has been established consisting of the Somali business owners, SA business people and the community leaders in Motherwell as well as the Somali community leaders. The aim was to lower the xenophobia and forge a good working relationships among the various stakeholders (Mbangi, 2010). Refer to Figure 5.20.

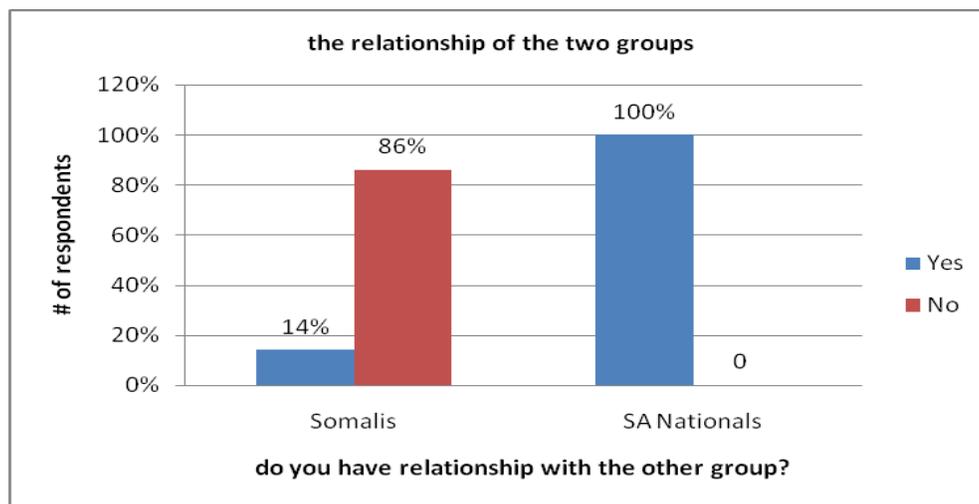


Figure 5.20: Relationships between the two groups

5.3.25 Membership of any business organisation

Somalis were asked particularly if they were a member of any sort of business organisation - 61 people answered this question of which 91% said they were not members of any kind of business association. The remaining 9% said they were

members of an informal Somali business association existing in the neighbourhood in which they were running their business. Lack of a membership of an organisation may not stop these traders from cooperating in the vital matters that face them in their daily business experience. According to the commander of the the Ikamvelihle police station in Motherwell, Somalis are the most organised of the all immigrant communities in Motherwell (Bangi, 2010). Refer to Figure 5.21.

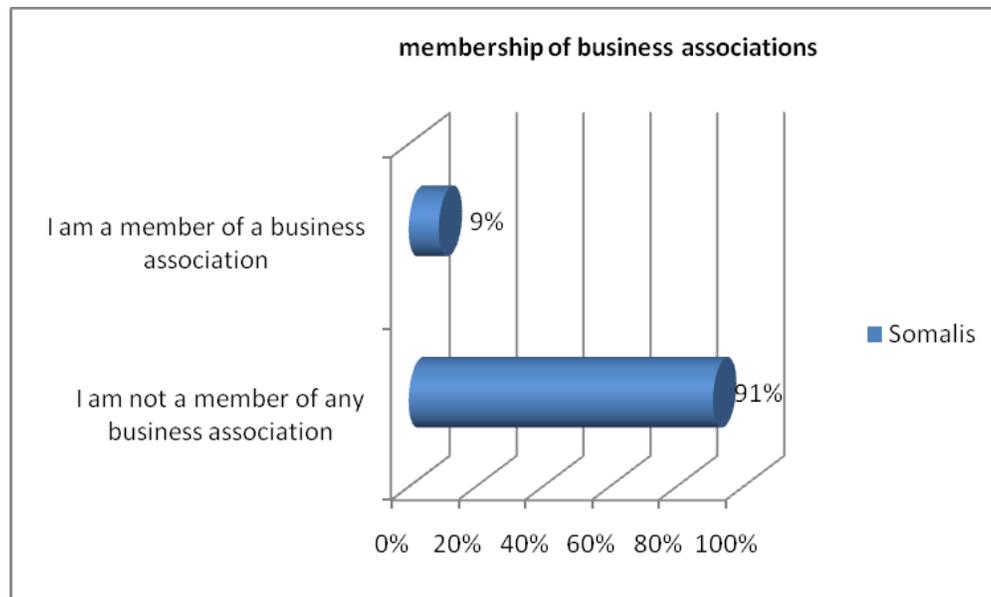


Figure 5.21: Membership of any business organisation

5.3.26 The turnover of the Somali businesses in Motherwell

Monthly income categories were made and then Somalis were asked to state in which category they fell. These categories were from R500-1000 as the lowest category and more than R5000 as the highest. Nearly half of the Somalis (48%) stated that they fell under the 'more than R5000' category. The second category with a percentage of 25, indicated that they earned between R2100-R3000. The lowest was between R1100-R2000. However, no single Somali trader interviewed mentioned his income as being below a thousand rand. It is good to mention that many of the people who stated they earned between R2100 to R4000 also indicated that they were employees and this amount is their monthly salary depending on their role and seniority in the business. Refer to Figure 5.22.

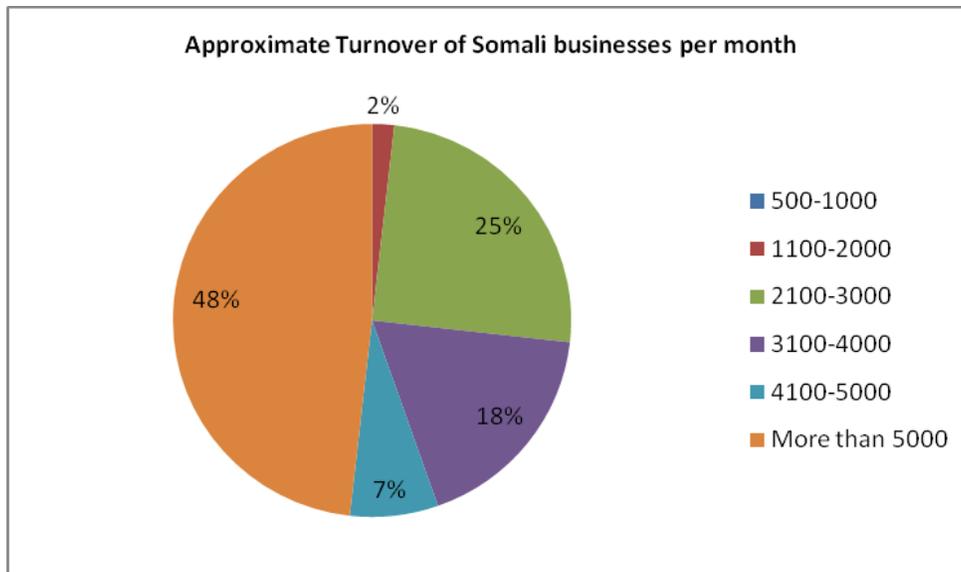


Figure 5.22: Turnover of Somali informal traders

5.3.27 The percentage of income Somalis save

Two closely linked questions were posed to Somalis. One was the percentage of turnover Somalis saved monthly. The other question was where they saved this income. For the first question, a range of income groups were given to indicate in which their saving fell. The highest number of Somalis said they saved between 20% and 30% of their income. The second highest number was those who indicated they saved everything they earn (that is a saving rate of 100%) - a majority of this group were the employees who have an intention of starting a business in the future hence were saving their income for future investments. These high savings of employees who had the intention of investing in the township means another generation of business owners are in the making. Furthermore, the percentage of income Somalis in Motherwell save is far higher than the national saving rate which was 15.3 in the year 2009 (Sheshi, 2010). Hence this is a saving community with a business-oriented spirit. Refer to Figure 5.23.

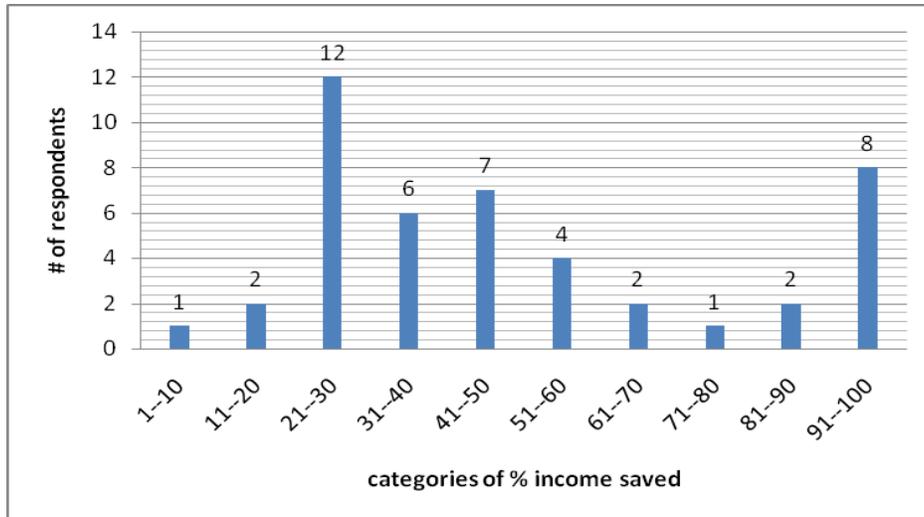


Figure 5.23: Saving the income by Somalis

5.3.28 Where do Somalis save their income?

The other closely linked question to the above as mentioned, was where Somalis saved their income - 58% said they saved it in a South African bank, 37% mentioned others, while the four per cent said they saved it in their shops. Many of those who indicated that they saved their income in South Africa also said they do not have a bank account but used their friend's bank accounts. Refer to Figure 5.24.

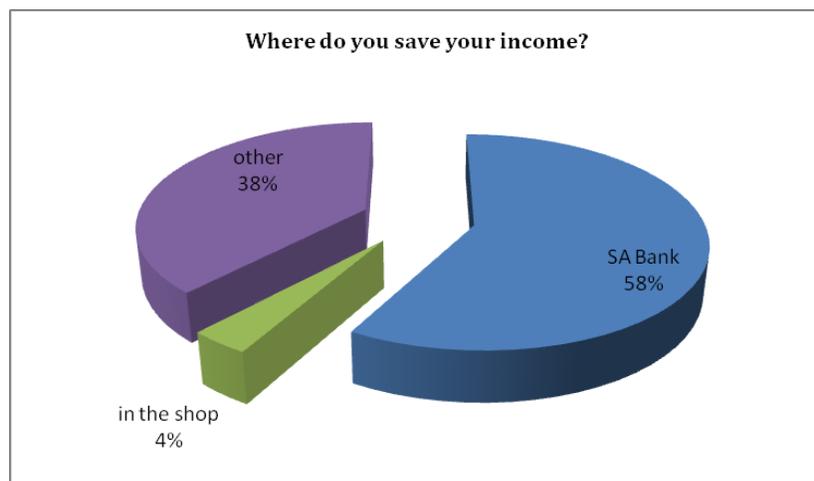


Figure 5.24: Where do Somalis save their income

Furthermore, some of those who mentioned 'other' as their saving place stated that they did not get their income from their employers at the end of the month. Instead, they obtained it at the end of the year or otherwise when they decided to leave and open their own business. The possibility of a formal contract between Somali informal employers and employees is minimal. This means that the socially empowered values and norms are in play in the labour relations among Somalis in Motherwell. Hence it can show that the socially backed norms and values in the labour systems are not in many cases less important than that which is supported by written documents. Furthermore, it indicates a high level of trust between the employer and employee which means an advanced level of trust in the social network system.

5.3.29 Spending the income

A question inquiring about the income of Somalis was posed which asked how Somalis spent their income. The most cited way of spending their income was investing in the township business - 59 people.. The second most mentioned reason was supporting the family in South Africa - 29 people. Another 24 people said they send portions of their income to their relatives back home as a remittance. From this information, one can imagine how determined these entrepreneurs are to invest in the township despite many challenges they encounter in their way including security and competition. Refer to Figure 5.25.

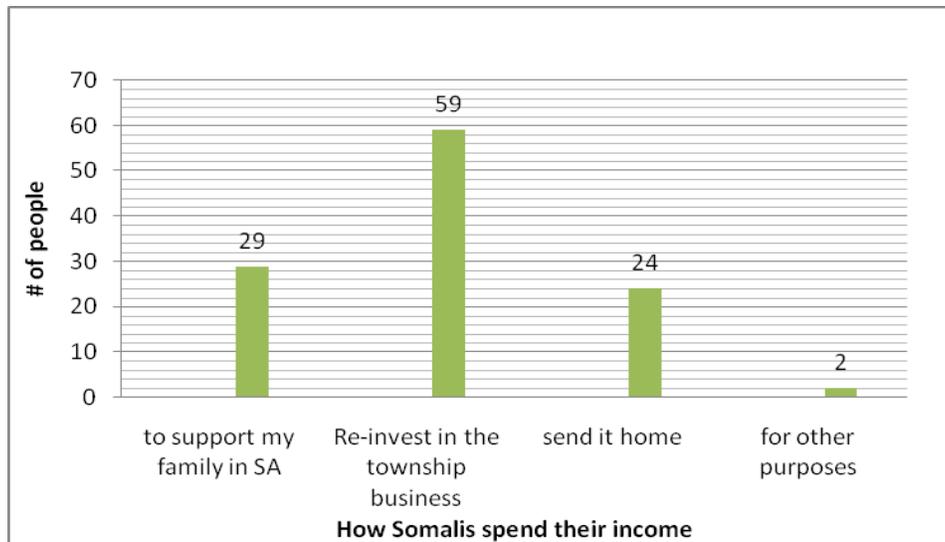


Figure 5.25: How Somalis spend their income

5.3.30 Language proficiency

Somalis were asked to state their level of understanding of two languages that could help build their communications with the local people. One was Xhosa and the other English. Categories of very good, just normal and weak were given for both of the languages. Very good meant that the person was able to speak the language excellently. Just normal was when the person was not perfect but did not need an interpreter, and weak meant that person needed someone else to assist him when communicating with another person when speaking in one of these two languages. Twenty-two% of the Somalis said they are very good in English while noone stated that they were very good in Xhosa. The majority of the Somalis stated that they are in the category of just normal in both English and Xhosa. But nearly half said they are weak in Xhosa (45%). This could indicate the new arrivals had not been in the township enough time to improve their ability to communicate with Xhosa. Refer to Table 5.9.

Table 5.9: Language Proficiency

Language	Language proficiency
English	
Very Good	22%
Just Normal	57
Weak	21%
Xhosa	
Very Good	0
Just Normal	55%
Weak	45%

5.3.31 Exposure to dangerous situations

Somalis were asked to name the kind of dangers they were exposed to during their time in the Motherwell Township. The majority of them mentioned more than one dangerous situation they had been in. The most widely mentioned form of danger was robbery.

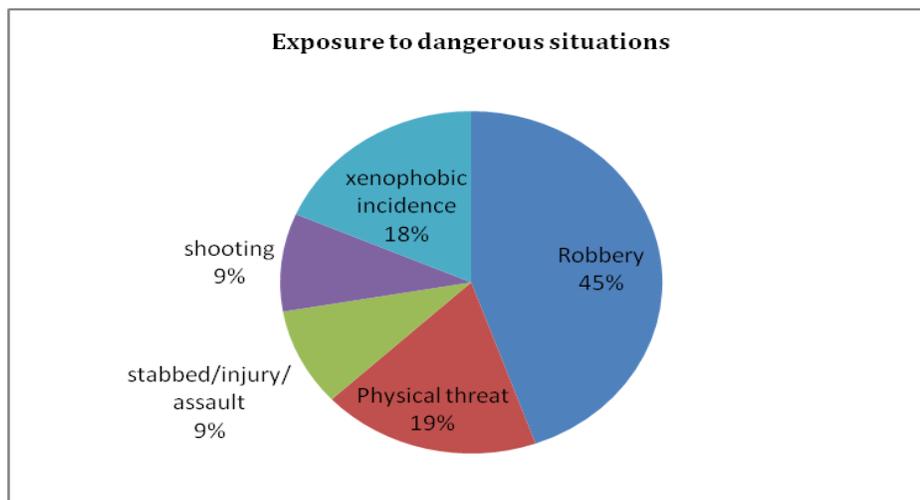


Figure 5.26: Exposure to dangerous situations

Nearly half of the dangerous situations mentioned were this kind of danger (45%). Physical threat and xenophobic incidences were almost cited equally (19% and 18% respectively). The number of people who faced xenophobic situations was low when taking into the account the fact that in 2007, hundreds of Somali shops were looted in Motherwell - this means 66% of all Somali shops in Motherwell. This could mean that many of the interviewees came after that event because as has been shown in the above, the average number of years interviewees were doing business was 3 years and 7 months. Some of these interviewees indicated improvements in the security issue where it is better now than before.

5.3.32 Business differences of the two groups according to the Somalis

Both Somalis and South African nationals were asked what they thought was the main difference between the informal businesses of the two groups. The answers were very different not only from group to group but also within the same group. To begin with the Somali answers, the two most cited differences were customer treatment and infrastructural differences. Many Somalis mentioned that their attitudes towards customers was much better and appealed more to the customers than their South African counterparts.

Some Somalis mentioned Some of the ways of winning the hearts of the customers these included:

- allowing the customer to get the items they need when they are short of money if they are regular customers
- giving credit to the customers when they run out of money and having customers pay as soon as they get money
- always ensuring stock is available thus preventing the loss of customers
- giving good discount when customers buy more stuff and delivering these stocks to the customer's house.

- giving children sweets, chips and some other items to win the loyalty of the children
- forging good relationships with the parents, chatting with them and being friendly
- And lastly, to quote one of the interviewees statement “at the beginning, my neighbours, my customers and I were not in good terms. We could not understand each other. I had a lot of problems as a result. However, as time passed , I tried to win the hearts of the people in the area and I won at last. Now, small kids come to us with R100 and R200 rolled in a paper stating the items parents need, we give them the change and take them and the stock to their house. I remember during the xenophobic incidence in 2007 an elderly man whom I help his child in this way was arguing in our defence. Even some elderly women now bring the pocket money of their school-going children to us and the children get it from us, taking daily small amount of that money. We are truly part of the community” (Somali informal trader interviewee, 2010).

The second highest mentioned was that South African owned informal businesses were better established and had better equipment than the Somali run businesses. However, it was observed that many Somalis when saying this, were referring to the type of businesses they were themselves involved in , namely grocery shops. Only two people differentiated and stated that their businesses were better equipped, with more stock than the informal street traders and on the other hand, many South Africans who ran grocery shops were better equipped with more stocks than the Somalis.

Two things that were mentioned earlier, which were the price and hours of work differences were also mentioned equally. Some Somali traders were aware that they were cheaper in terms of price and opened earlier and closed later than the South African owned informal businesses.

Some Somalis also mentioned that there was a difference in the work attitude of the two groups. They believed they are more hardworking than the local informal business owners. They reasoned this by saying that South African nationals had another source of income if their businesses ran bankrupt, namely government agencies who help the

South African nationals in the form of social grants. Also some indicated that in general South African nationals were more privileged as they are the citizens of the country while the Somalis were at a disadvantage as no one would help them if they did not work hard.

Stock differences meant that there were some items that Somalis did not sell but the locals sold. An example often cited was alcoholic drink, cigarettes and other tobacco products, pork, artificial hair and so on which Somalis said they do not sell because of religious reasons. An equal number of people held two different views. One group saw no difference between the businesses of the two groups and the other said that Somalis were more progressive than the local business owners. When asked to elaborate further, this person stated that he had started running his shop few year previously and now owned another shop in another Port Elizabeth township. At the time he started his first shop, there was a local trader who was running a business on the street side in front of his shop. According to this interviewee, that person is still there and has not improved much.

5.3.33 Business differences according to the SA nationals

The South African nationals' answers when answering this question, were as varied as those of Somalis or even more so. The Somalis were aware of the price differences of the businesses run by the two groups. The biggest differences according the South African nationals were price and business industry differences. Many South Africans believed that Somalis were cheaper in terms of price than theirs. The reasons given for this were also different. Some stated that Somalis worked as groups and hence get good discounted prices from the wholesalers. Others said Somalis worked in the wholesalers and hence were given a good discount and as a result could sell their things cheaper. However, others saw the reason as being the inferiority and lack of quality of the products sold by Somalis as the reason of lower prices.

The second most cited reason was the business industry difference. Many South Africans said they were different from the Somali run businesses because they were not operating in the same industry. Refer to Figure 5.30. Two answers were also given

equally - quality of the service of the two groups and group work. Some local business people held firm that their services were better and they treated customers better than Somalis. They said they attracted their customers by chatting with them, laughing with them and giving them a quality service. In contrast, some South Africans believed that the quality of the services given by Somalis were better than theirs. The reason according to them was that Somalis worked in their businesses as a group and hence were able to attend to customers unlike them who worked alone in their businesses. This meant that when more than one customer came to buy, in the case of the business run by one person, the customers waited hence wasting time while if there are more people working in the business, customers would have more people to serve them.

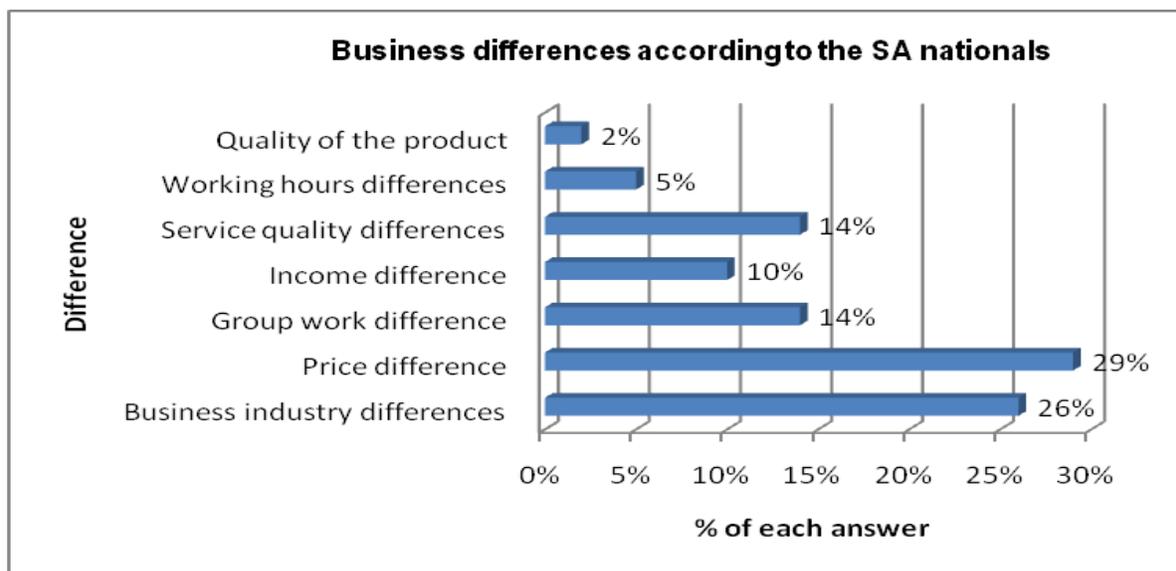


Figure 5.27: The differences of the two groups' businesses according to SA nationals

The income difference was cited a number of times. Some South Africans believe that Somalis earn a higher income than they deserve. Working hours were also mentioned which showed that South Africans were aware of the longer hours Somalis worked in their businesses. Finally, some, as mentioned, earlier saw the product of the Somalis as being of poor quality and hence was a big difference that separating the two groups.

5.4 Summary of the focus group views

1. What is the difference between your business and that of the South African nationals in Motherwell Township?

The views expressed were diverse. Some saw that there was no big difference. Others mentioned things including some that have been mentioned earlier. An example are items that South Africans sold but Somalis did not, customer attitudes where Somalis treated customers better than the locals, lack of availability of any kind of business assistance for Somalis particularly from the government side, South African business being insured while that of Somalis were not, South African business being more established than Somali businesses. One person indicated that South African businesses are owned by full citizens of this country and hence have full rights while Somali business person do not have all these privileges.

2. What do you think Somalis contribute to the economy of this country?

Paying tax and renting houses were the two most cited things when answering this question. Five people mentioned tax while four mentioned rental payment. Other things that were noted included: discounting for the customers, employment creation particularly for women, trading in the community which meant taking the basic and most needed staff to the doorsteps of the townships, skills and openness to the community, paying water and electricity.

3. How long did it take you to get Refugee status (the legal document given to refugees by the home affairs)?

Answers for this question span from someone who got the document within a week and another who was there for seven years but still did not get it. Four people stated that when they were here for three years or more and did not get it, they paid money and hence got it (one mentioned R800 and another R1000).

4. Did you get the green SA identity? If yes how long did it take you to get it?

Only one of the eleven focus group members got the green ID. This person was in the country for six years. The rest whose period of stay in the country included two people of seven years each, one with 5 years, 6 and eight years. did not get it.

5. What type and how much impact does xenophobia have on your business?

All agreed that it had a big negative impact on their businesses. Looting and robbery were the most mentioned impacts. One stated that his business was looted and the building vandalised in 2007 while another said he had been injured during 2007 xenophobic incidence. One said that in 2007, his entire hard-earned, established business was looted and he had never recovered since then.

6. What do you think will happen to the country if Somalis leave?

All except one believed that there will be negative consequences if Somalis leave the country, particularly in the townships where they are trading. Things they mentioned included: the time they open which helped many people including school children who bought bread very early in the morning, the long distances people might have to walk to buy a small thing, some local people losing their jobs, people losing the house rents that Somalis pay, and other facilitations people get from the Somali owned shops. One mentioned that during 2007 when many Somali owned businesses were closed in Motherwell as a result of xenophobic violences, he met with some of his customers and they asked him to come back telling him that they would protect him and no one would harm him. This was as a result of people having to travel far to and missing the kind of facilities he had offered them. However, one answered that he did not think there would be any significant consequences for the country if Somalis left. He reasoned this by saying that people were in the townships before the Somalis come and Somalis had only been in the township for a few years.

7. Do you assist your customers? If yes how?

An overwhelming number of respondents answered yes to this question. Ways of helping customers mentioned included: giving donations when needed such as school donations, area committee donations and donating towards funeral expenses and

orphans. Furthermore, helping neighbouring people, forgiving customers when they were short of money and giving them credit when they needed items and had no money.

8. Do you think that the government and the police protect your life and properties as they suppose to do?

This question divided the opinions of the focus group. Five said no they did not protect them at all. Four said the government and the police did all they could to protect them. One differentiated between the effort of the the government and the police stating that police did not do its job well but the government did all it could. And the remaining person stated that it is God (Allah) who protects them.

9. What do you think will happen to you if you go back to your home country, Somalia?

This question was less disagreeable where they all agreed that going back to Somalia could endanger their lives and expose them to be killed, injured and robbed. The reason being that there is no law and order. Some also mentioned besides the lack of security, the scarcity of life opportunities such as jobs.

5.5 The perception of a wholesale manager about Somali informal traders

As mentioned in the methodology chapter, one of the wholesalers Somalis named repeatedly as their stocking place is located in Korsten. One of the senior managers of the wholesaler agreed to answer a few questions enquiring about his interaction and experience with the Somali informal entrepreneurs in Port Elizabeth. Here are his answers summarised. The number of Somalis stocking from his wholesale every day was around two hundred people. These people stocked with cash - o credit, loan or whatsoever. When asked if he thought the informal Somali trading around PE townships was sustainable, he stated that they were very sustainable. When asked if he thought that Somali traders were more successful than their South African counterpart, he said yes and the reason being was that Somalis tried to get the best possible prices from his wholesale in order to resale it at the cheapest prices later in the townships. From his

previous experience and interaction with Somalis, his general perception about Somalis were that Somali informal traders were very good people to work with, very understanding, patient and reliable

5.6 Conclusion

In general, Somali informal traders were younger than their South African counterparts. Their marital status was mostly single. Their educational level was lower than that of the South African informal traders where the majority of the locals were at secondary school level while those of sSomalis were either primary or had not attended formal schooling at all. Somalis interviewed were either owners or workers of businesses. Their working hours were more than that of South Africans where they opened earlier and closed later than the local informal traders interviewed. South Africans had a perception that Somalis worked in groups and hence got discounted prices from the wholesalers hence had cheaper prices than theirs. Somalis saved the money they invested in businesses during their work in South Africa or outside South Africa. It was also given to them by their family members some in whom came from overseas such as United States, United Kingdom while some were in South Africa. The research did not find a single case where a South African and Somali person co-owned a business. Both groups co-shared businesses with their own countrymen. Somalis saved a high amount of their turnover and many of these savings were used to invest in township businesses. There was no sign that Somalis will stop investing in the township in the near future. Although crime and particularly robbery hindered their economic activities, still they were determined to continue on their way forward.

CHAPTER SIX

IMPLICATIONS, CONCLUSION AND RECOMMENDATIONS

6.1 Conclusion and implications

The study indicated that the Somali informal traders in the Motherwell Township were typically a young single male with a minimal level of education. He was a Muslim by religion, Somalia by country of origin have non-drinking, non-smoking habits and minimal level of business training or even experience. The Somalis were almost all involved in grocery shops that did not sell some items seen as unlawful in Islam including, beer, pork products and even some cigarette and artificial hair products. Their businesses were not family businesses but instead a partnerships with the same countrymen. Somalis choose to be involved in the Motherwell Township because they thought it was more affordable than other places like towns or central business districts (CBD) and there were a business opportunities.

Somali informal traders became part and parcel of the daily life realities in the South African townships and specifically in Motherwell. The events in the past few years bore witness to this. The table of violence against these immigrants given in chapter three showed various events that took place at different times between 2006 and 2008. These events happened in 13 townships scattered across five different provinces of the country's nine provinces. In one of these violent events which took place in Motherwell Township, the site of the research, 100 Somali shops were looted.

Despite more than a hundred of their shops being looted in 2007, some Somalis being murdered, injured, threatened, and insulted and many more facing dangerous situations, (according to the Ikamvehlile police station commander, which was one of the Motherwell's two police stations), there were 150 Somali owned shops in the Motherwell at the time of the study. This showed that Somalis were there to stay and were going nowhere. As the discussion group unanimously agreed, this was enforced mainly by the turbulent situation in their home country, Somalia and was coupled with

their background as traditional pastoralists having resilience, mobility, and being risk-takers (Goldsmith, 2010). The implication was a permanent settlement of an immigrant community, though in small numbers, which would stay in the township for many years or decades to come.

What was also unusual in these findings was the low level of educational attainment among the Somalis. Immigrants in the country generally have a considerable level of education. However, it was understandable when looking at the educational level of Somalia and the literacy rate which was as low as 36% for male adults older than 15 years (Unesco, 1995).

In terms of business competition between Somalis and South African nationals, only 34% of the local informal traders interviewed were involved in the same industry of Somalis, grocery. The rest 66% were in various other industries that Somalis were not involved in at all. Hence, majority of the local informal businesspeople in the township were presumably not in a competitive situation or clashed with the interest of Somalis.

Although the past cannot be divorced from the present and South Africa has a history of racial violence and there could be a fear of the 'other', it is not convincing to believe that people of Motherwell hated Somalis and wanted them to go. One can ask: did the owners of the business buildings Somalis use, hate them? Or did the people who worked for Somalis hate them and were they xenophobic towards them? Was it the old parents who left the school-children's pocket money with the Somalis, who do not like them? Furthermore, was it the business people who were involved in taverns, restaurants, services such as salons, shoe-repairing, public phones and so on, who disliked the Somalis? Or was it the general public who bought cheap products from the shops owned by Somalis who wanted them to leave their township?

This research is not arguing that everyone among these people likes Somalis. However, it argues that township people are human beings and as a result are rational and at least they find cheap products from the Somali shops. The cheapness of the Somali shops is something that was mentioned repeatedly. This is something both business

groups mentioned in their interviews as well as Somalis in their focus group discussion and also by the manager of the wholesaler from whom the Somalis mostly buy their stock.

But the question is: Who benefits from the competition between business people? Obviously it is the general public in the Motherwell Township. Lack of competition is a monopoly situation where a few businesses can charge whatever prices they want which in turn will mean higher prices for basic items. Most of the people who will be harmed by this kind of situation in Motherwell are again the poor people. Hence the lower the price of the basic items, the better for the people of Motherwell.

The implication of the above discussion is that not all the people of Motherwell had bad intentions towards these Somali informal traders. Instead, the part of the local traders who were involved in the same economic activities were probably the ones that the presence of Somalis in the township was a threat to their profitability. This led to the belief of the outcome of the Wits Forced Migration Programme findings as mentioned in chapter 3 which found the xenophobic incidence of the 2008 was an organised event by that particular segment of the society in the country's townships who had an interest in it.

The average shareholders of the interviewed Somali businesses in Motherwell were 2.45 people per shop. If this number was multiplied by the number of shareholders in all Somali shops in Motherwell, it was 367 people. This research found that this number of 367 Somali people was a factor that pulled down prices in Motherwell. Therefore, lower prices charged by these people benefited the greater people that 150 shops served and not necessarily those few hundreds of immigrant community.

Somalis and the local informal traders have a minimum level of interaction. It is not only between the two groups but also that Somalis rarely have a membership of any sort of Business organization. Although there is in Eastern Cape, the influential Somali Association of South Africa (SASA), based in Korsten; Port Elizabeth, the hub of the

Somali community in the greater Nelson Mandela Bay, there is no unifying single or even fragmented association based on their business interests to their answers.

Crime was a big problem to the Somali informal traders in the township. None of them were safe from the reach of crime. Robbery was the highest among the cited dangerous situations they experienced. Some of them even stated that they could not remember how many times they were robbed saying they always expect the arrival of the robbers. They said sometimes it was difficult to distinguish who would buy something or who would rob. However, there has been an improvement in the security situation as the focus group discussion revealed. The reason of these positive security developments were a point of disagreement. Some credited it for the 2010 World Cup and the tight measures taken by the government and others said that the Zuma government's position against crime and shoot to kill rhetoric were part of the explanations.

6.2. The economic impact of Somalis on the Motherwell township

As was seen in the findings, the majority of Somalis rented the business premises in which they traded and the average rent of the houses they rent was R1959. Because this number was disputed and many Somali informal traders in and outside Motherwell saw it as inflated and exaggerated, this study uses R1500 as an average rent per shop. The percentage of those who pay rent of the interviewed Somalis is 87. This meant that, of the 150 Somali shops in Motherwell, all pay rent except 19 shops ($131/150=87\%$). Hence each rent paying Somali shop pays R18000 per month. This makes the rent paid by all Somali businesses R2358,000 ($R18,000 \times 131$)

On the other hand, the average turnover of Somali businesses in Motherwell was R4117. If this amount is added to the average estimated rent of R1500, it will be R5617 but let us assume it to be R5500. The average profit Somalis looked for when they were pricing their stock was 26% of the original cost price. Hence, R6 000 is the profit of R23 060 of the whole amount of money that each Somali shop sold in a month. When R23 060 is multiplied by the 12 months of the year, it will be R276, 720. This was the sales of one business for a year. Then multiply it by all 150 Somali shops, It will be R41 508 000.

Furthermore, 100% of the interviewed Somalis stated that they stock their shops from Port Elizabeth wholesalers particularly, two grand wholesalers in Korsten. Obviously when they are buying the stock, the 14% Value-Added-Tax (VAT) was deducted. Thus a total of R5, 811,120 was paid by the Somali informal traders in the Motherwell Township as VAT going into the government's account. This means that each Somali business in Motherwell pays R38 740 annually as VAT.

In addition to this, 74% of the interviewed Somalis indicated they were registered for SARS. This means they pay another tax into the government's account which is part of the government's revenues that are used for the development of the country and the wellbeing of its people.

Approximately 12% of Somalis brought the capital they invested in Motherwell from outside the country. 59% of the Somalis interviewed indicated that they mostly used their income to further invest in the township businesses. This means a capital injection into the township from the outside as well as from inside the country.

Somalis also contributed to the multiplier effect which states that, the more the circulation of money; the more it benefits the country and the society. The majority stated that they either stocked every other day or twice a week. The manager of the Korsten wholesaler, whom the Somalis mentioned repeatedly in the interviews, indicated that around two hundred Somalis stocked from his business every day. Although it does not necessarily mean that these two hundreds are from Motherwell, obviously they are among those purchasers. Their bank deposits also contributed to this multiplier effect where they were charged and hence income was gained by the country's financial institutions.

6.3 Recommendations

Based on the above-mentioned research findings, the following recommendations can be given:

- Somalis in Motherwell seem to be a permanent feature of that township and hence their entrepreneurship skills need to be nurtured and developed. This can

be done through interventions by the government departments, Somali community elders and organisations such as Somali Associations of South Africa, Somali Community Board, academic institutions like Nelson Mandela Metropolitan University and so on.

- The relationship between Somalis and local business people need to be healed and cemented. This can be done through forums, seminars and other kinds of get together meetings that can help them forge relationships.
- The majority of Somalis are young energetic single people. On the other hand, the majority of the South African businesses interviewed are run by older people. It will be a good idea to find young South Africans whose minds are business-oriented. Then they and the Somalis can be introduced to each other and methods of communicating between them can be established. This will be good for both groups. South African young entrepreneurs could get motivated when they see young people like them, who are less educated and less privileged who are still running successful businesses. The stories of the Somalis can encourage many young South Africans entrepreneurs to focus and be productive.
- It is the best interest of both the country and Somalis if the Home Affairs issues Identity documents to Somalis. This will enhance their productivity because they can have bank accounts, get loans, and increase their economic activities.
- Somali Association in the Eastern Cape, Somali business community in Motherwell, school principals and teachers of the Xhosa language should think how the language ability of Somalis could be developed. This will help illuminate the language misunderstanding that can in some cases trigger a negative incident.

- The working relationship between the SA Police Service and Somali traders in Motherwell is developing positively. The forum established and the interaction should continue, encouraged and enhanced.
- Somali informal traders should have a formal channel that they can contribute to the local community developments to relieve the poor, orphans and elderly. They stated they do it but it is on an individual basis. Forming this kind of organisation can be more beneficial, productive and helpful to the needy people in the township. Furthermore, it will help curb xenophobic feelings of some because if the society sees these people are coming together to help, then the community can be at their defense in the future.
- Any future research on this topic should include the perceptions of the customers with regard to the services of the two groups. This will allow both groups to see their strengths and weaknesses and hence encourage development to a better level.

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Appendix 1: Questionnaires for the Somali informal traders in Motherwell



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Questionnaire for the Somali business owners in Motherwell Township, Port Elizabeth

Dear Sir/Madam, my name is Abdu Hikam and I am student at Nelson Mandela Metropolitan University in Port Elizabeth. I am doing a research on the informal activities of the Somalis in Motherwell Township, Port Elizabeth. The purpose of the study is purely an academic one and I will appreciate your honest and sincere responses to the questions below. All information will be treated with strictest level of confidentiality. No names of persons and/or businesses will be mentioned in our report.

1. Personal information:

- a) Age: between 15-25 26-35 36-45 46-55 56-65 over 66
- b) Marital Status: Single Married Divorced Widowed
- c) Sex: Male Female
- d) Educational level: Primary Level Secondary Diploma Degree
No formal education
- e) Smoking habits: Smoker Non-smoker
- f) Drinking habits (beer): Drinker Non-drinker
- g) Country of birth

h) Religious Affiliation.....

l) Are you the owner of this business? Yes No

J). If you are not the owner, state your position in this business:.....

k). Do you have any business related qualification? Yes No

l). If your answer is YES in question k above, state the qualification.....

m). Identify the nature of industry in which your business operates.

Retailer and/or Wholesaler		1
Manufacturer eg dressmaker, bakery		2
Service industry eg hair salon, vodacom public phones etc		3
A combination of the above		4
Other (please specify) eg spaza,general dealer		5

n). Is this a family business? Yes No

o). State form of business: (a) Sole Trader (b) Close Corporation (c) Partnership
(d) Company (e) Other (please specify).....

2. Business Activities:

a. Grocery

b. Clothing

c. Services

d. Other: (Please Specify).....

2.1 State briefly what is being sold in this business

.....

.....

.....

.....
.....
.....
.....

3. Ownership of the premises:

a. Do you own the premises?

Yes No

b. Were you the first one to use these premises for a business?

Yes No

c. If no, what were the nationalities of the previous owners?

Somalis South Africans Other

d. If no in question a above, do you pay a rent?

Yes No

e. If yes in d above, how much rent do you pay?

f. Was this business previously owned by a local(s) in South Africa?

Yes No

g. If YES in f above, briefly explain how did you become the owner of this business?

.....
.....
.....
.....

h. Do you have shareholders in this business?

Yes No

i. If yes, how many shareholders do you have?.....

j. State the nationals of the shareholders.....

k. Do you have the following assets/equipment in your business?

Computer: YES NO

Internet connection: YES NO

Email: YES NO

Fax: YES NO

4. Genesis of the business

How long have you been running this business?State number of years)

5. Reasons for becoming informal trader in the township:

- a. Availability of affordable business premises
- b. Availability of business opportunity
- c. inherited it from A family member/relative/friend and follow the suite
- d. I just followed other Somalis
- e. That is where I first started working
- f. Other: (Please Specify).....

6. Past business experience

a. Have you had a business in Somalia?

Yes No

b. If yes, how many years were you involved?
.....

c. Have you had any business specific training?

Yes No

d. If yes, explain briefly when you had training and the content of the training.....
.....
.....

7. Business start ups

a. Did you need to obtain a permit/license to run this business?

Yes No

b. Explain briefly the constrains/challenges experienced in the process of obtaining a

business permit/license or compliance with business regulations in South Africa

.....
.....
.....
.....

c. Are you registered with the South African Revenue Services (SARS)?

Yes No

d. Are you registered for VAT

Yes No

8. Financing the business:

a. Where did you get the capital for the initial financing of your business?

- I financed through:

- Money I saved during my work in South Africa
- Money I saved during my work outside South Africa
- Through a loan (Specify it Please).....
- Through a family/relative/friend (where does he/she live?)
- I inherited it from a family member/relative/friend
- Through other means (please specify).....

9. Trading hours:

a. At what time do you open your business?.....

b. At what time do you close your business?.....

c. What is the total trading hours per day?

10. Stock:

a. How often do you buy stock for your shop?

-Every day

-Every other day

- Twice a week
- Once a week
- Other (please specify).....

b. Where do you buy stock for your business?

c. How do you transport your stock?

11. Pricing Policy:

a. How much profit do you consider when pricing the items (in percentage form)?.....

b. Do you have any pricing agreement with the shops surrounding you?

Yes No

c. Do you consider your prices to be lower than those charged by your South African counterparts?

YES NO

d. If YES in c above, state how do you cope with lower prices:

.....

.....

.....

.....

e. State briefly what is it that makes you different from South African informal traders:

.....

.....

.....

.....

.....

.....

12. Turnover:

a) Approximately how much turnover do you make per month?

Between:

- 500-1000
- 1100-2000
- 2100-3000
- 3100-4000
- 4100-5000
- More than 5000

b) Is this amount for the whole business or for your own share if you co-own it?

c) What proportion of your turnover is saved?%

c) Where do you save the income of your business?

- A bank in South Africa
- Foreign bank
- In the shop
- Other
- I send it to home

13. Spending the income:

a) How do you spend your surplus income?

- To support my family in South Africa
- Re-invest it in my businesses in the township
- I send it to my family back home
- I use it for other purposes (please specify other).....

14. Employment:

a. Do you employ any other people?

Yes No

b. If yes, how many people do you employ?.....

c. What are their nationalities?.....

15. Relationship with the local business community

a. Do you have any relationship with the South African business people in the area?

Yes No

b. If yes what kind of relationship.....

c. If no, give reasons please

16. Membership of business associations:

a. Are you a member of any business association?

Yes No

b. If yes, which business organizations?.....

c. If no, give reasons please.....

17. Obstacles in doing business

a. What are the most common problems that you experience in your daily business activities?

.....
.....
.....
.....
.....

b. Where do you seek advice when you encounter these Obstacles?

.....
.....
.....
.....

18. Language proficiency:

a. Which language/s other than your home language do you speak?

- English: very good just normal weak
- Xhosa: very good just normal weak
- Other (specify)..... very good just normal weak

19. Safety and security:

a. Have you been exposed to a dangerous or life threatening situation while at work?

- Robbery How many times
- Physical threat How many times
- Stabbed/Injury/Assault How many times
- Random shooting How many times
- Xenophobic incidence What type/s of xenophobic incidence/s.....
(How many times).....
- Other (Please Specify) How many times

b. Briefly explain the nature of the danger to which you were exposed:

.....

.....

.....

.....

.....

.....

.....

.....

Thank you so much for your time. I appreciate your patience

Appendix 2: Questionnaires for the SA national informal traders in Motherwell



Faculty of Business & Economic Sciences
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**Questionnaire for the South African business owners in Motherwell Township,
Port Elizabeth**

Dear Sir/Madam, my name is Abdu Hikam and I am student at Nelson Mandela Metropolitan University in Port Elizabeth. I am doing a research on the informal activities of the Somalis in Motherwell Township, Port Elizabeth. The purpose of the study is purely an academic one and I will appreciate your honest and sincere responses to the questions below. All information will be treated with strictest level of confidentiality. No names of persons and/or businesses will be mentioned in our report.

.

A. Personal Information

1. AGE

16 -25

26-35

36-45

46-55

56-65

66+

2. Marital status: Married Divorced Single Widowed

3. Gender: Male Female

4. Educational level: Primary Secondary Diploma Agree

5. Smoking habits: Smoker Non-Smoker

6. Drinking habits: (Beer/Wine spirits): Drinker Non-Drinker

7. Religious affiliation:

8. (A) Are you the owner of this business? YES NO

(B) If your response above is NO, state your position in this business.....

9. (A) Do you hold any business related qualification? YES NO

(B) If your answer is YES above, state the qualification
.....

10. (A) Have you had business in the past? YES NO

(B) If YES, when did you start running a business?..... (State year)

11. Have you had any business specific training? YES NO

12. Identify the nature of industry in which your business operates:

Retailer and/or Wholesaler		1
Manufacturer eg dressmaker, bakery		2
Service industry eg hair salon, vodacom public phones etc		3
A combination of the above		4
Other (please specify) eg spaza, general dealer		5

13. Is this a family business? YES NO

14. State form of business: (√) the appropriate response Sole trader

Close Corporation

Partnership

Company

Other (specify).....

15. Business activities: (√) the appropriate response Grocery

Clothing

Services

Other:.....

16. State briefly what is being sold in this business

.....

17. (A) Do you own these premises? YES NO

(B) If no, do you rent these premises? YES NO

(C) If yes, how much rent do you pay?.....(*State the amount*)

18. (A) Do you have any shareholders in this business? YES NO

(B) If yes in question 20 above, state the number of your shareholders.....

(C) State the nationals of your shareholders.....

19. Do you have the following assets/equipment in your business?

Computer	YES/NO
Internet connection	YES/NO
Email	YES/NO
Fax	YES/NO

20. How long have you been running this business?.....(*State number of years*)

21. State reasons for becoming an informal trader (Select from the following options)

(√) the appropriate response

- a) Availability of affordable premises
- b) Availability of business opportunity
- c) Inherited from a family member/relative/friend
- d) I just follow others who run informal businesses

- e) This is where I started working
- f) I cannot find a job
- g) Other (specify).....

22. Did you need to obtain a permit/license to run this business? YES NO

23. Explain briefly the constraints/challenges experienced in the process of obtaining a business permit/license or compliance with business regulations in South Africa:

.....
.....
.....
.....

24. Are you registered with the South African Revenue Services (SARS)? YES NO

25. Are you registered for VAT? YES NO

26. Where did you get the capital to finance your business initially?

.....

27. (A) at what time do you open your shop in the morning.....

(B) And at what time do you close it in the evening

28. How much profit do you consider when pricing you pricing your stock?

(In percentage form).....

29. (A) Do you employ any other people? Yes No

(B) If yes to question 37, how many people

30. Do you have any relationship with the Somali informal traders in the area?

Yes No

31. State briefly what is that makes your business different from that of Somali informal traders in the area?.....

.....
.....

32. Have you ever been exposed to the following dangerous situation?

- a) Robbery
- b) Physical threat
- c) stabbed/injury/assault
- d) Other (specify it)

Appendix 3: Somali Focus group discussion



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Motherwell Somali informal traders focus group discussion

Walaal waxaan arday dhigta jaamacadda Nelson Mandela Metropolitan University, waxaan sameeyaa shahaadada Majisterka . waxaana samaynayaa cilmi baadhis ku saabsan ganacsiga Somalida ee Motherwell. Fadlan ka jawaab su'aalahan soo socda

Su'aal 1: waa maxay farqiga u dhexeeya ganacsigaaga iyo kan South African ka ee ku yaalla Motherwel? Jawaab:

.....
.....
.....

2. Maxay kula tahay inay Somalidu ku biiriso dhaqaalahadalkan?Jawaab.....

.....
.....
.....

3. Mudo inteedhan ayay kugu qaadatay inaad heshid Refugee status-ka?

- Jawaab.....

4. Maheshay Sharcigii dalkan? Hadii aad heshayse mudo inteedhan ayay kugu qaadatay?.....

5. Zinafoobiyadu dhibaato inteedhan oo noocce aha ayay ku haysaa ganacsigaaga?Answer.....

.....

.....
.....

6. Maxaad umalayn inuu dalkan ka dhici hadii Soomaalidu ka tagto?

Jawaab:.....
.....

7. Miyaad caawisaa macaamiisha dukaankaaga? Sideed u caawisaa?

Jawaab.....
.....
.....

8. Miyaad umalaynaysaa in dawlada iyo police ka dalkani naftaada iyo hantidaada sidii laga rabay u ilaaliyaan?

Jawaab.....

9. Maxaa kugu dhici ayaad umalayn hadii aad dalkaagii hooyo kunoqoto?

Jawaab:

Waad Mahad san tahay

Appendix 4: Questionnaires for Springbok whole assistant manager



Faculty of Business & Economic Sciences,
Managing tomorrow

Dear Sir/Madam, I am a student at NMMU and I am doing a research on the Somali informal traders in Motherwel. In a question of where do they stock, many of them mentioned Springbok and Desais. I will appreciate if you answer the following questions

Question 1: How many Somalis (rough estimate) stock from your wholesale.....

.....

Question 2: Do they stock with cash or you give them the stock and they pay later?

.....
.....

Question 3: do you think the Somali informal trading in the PE townships is a sustainable? Please reason your answer

.....
.....

Question 4: do you think Somali informal traders are more successful than their SA counterparts? Give reasons for your answer please.....

.....
.....

Question 5: From your previous experience, what is your perception about the Somali informal traders in general?.....

.....
.....

Thank you so much for your time. I appreciate your assistance

Appendix 5: Permission by the Somali Association of SA



**SOMALI ASSOCIATION
OF SOUTH AFRICA (SASA)**
EASTERN CAPE OFFICE
90 STANDFORD ROAD, KORSTEN, PORT ELIZABETH

E-mail: sasa.easterncape@live.co.za, www.soamaliasociation.org
Te/fax: 041:451 1583 /cell: 072 6655 777

Our Ref: SASA/EC/2010/385 DATE: June 1, 2010

TO: WHOM IT MY CONCERN

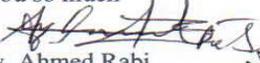
Dear Sir/ Madam

Ref: Research Permission for Mr Abdu Hikam

We are here to confirm that the Somali Association of South Africa's (SASA) Eastern Cape branch has given permission to Mr. Abdu Hikam to do research on our community members who are doing businesses in the Mother well Township.

Furthermore, SASA will send a bulk SMSs to its members in order to make community awareness about Mr Hikam's research whenever he is ready to commence his study. Also our information records and archives about the Somali economic activities in the greater Nelson Mandela Bay are open for Mr Hikam if he wishes to use it.

Thank you so much


A. y. Ahmed Rabi

Chairperson of SASA

Eastern Cape office

